UC-NRLF
$C 30 521
HJ
9777
.P5A3

MANUAL OF ACCOUNTING, REPORTING AND BUSINESS PROCEDURE

OF THE

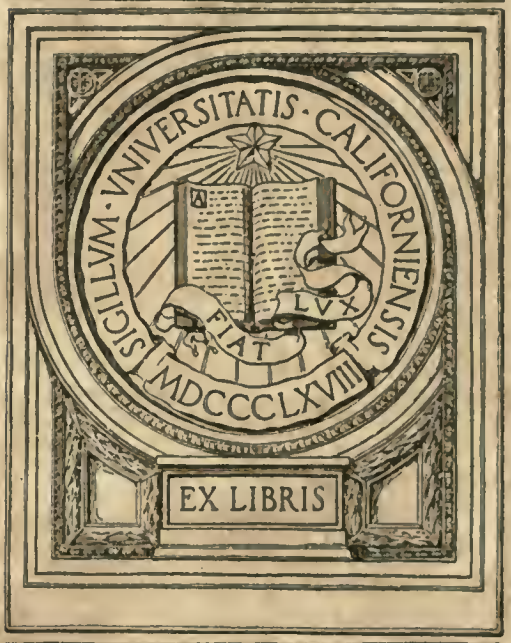
CITY AND COUNTY OF PHILADELPHIA

JOHN M. WALTON

CITY CONTROLLER

EFFECTIVE JANUARY 1 1914

GIFT OF


SIGILLVM · VNIVERSITATIS · CALIFORNIENSIS
LVX
FIAT
MDCCCLXVIII
EX LIBRIS

Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation

http://www.archive.org/details/manualofaccounti00philrich

Philadelphia. Dept. of city controller.

MANUAL OF ACCOUNTING, REPORTING AND BUSINESS PROCEDURE

OF THE

CITY AND COUNTY OF PHILADELPHIA

EFFECTIVE JANUARY 1, 1914

ISSUED BY THE CITY CONTROLLER
IN CONFORMITY WITH
EXISTING LAWS AND ORDINANCES

JOHN M. WALTON
CITY CONTROLLER

UNIV. OF CALIFORNIA

PHILADELPHIA
DECEMBER 29, 1913

HJ9777
.P543

DUNLAP PRINTING COMPANY
PRINTERS AND BINDERS
1315-1329 CHERRY STREET
PHILADELPHIA, PA.

Gift of City Controller, Phila

FOREWORD

THE purpose of this manual is to prescribe a comprehensive and orderly method of accounting and reporting for the city and county of Philadelphia. It is designed to furnish, with respect to municipal business, the information regarded by bankers and business men as absolutely essential in the administration of private business. It is assumed that the interests of citizens are analogous to those of stockholders of private corporations; that public officials are trustees; and that the common interests of trustees and stockholders will best be promoted by a system of accounts and reports which reflects accurately all the important financial relations which affect those interests.

There is nothing novel in the accounting system here prescribed. Its terms are in common use in the financial statements of private enterprises. Nor is it revolutionary in its attitude toward older systems of governmental and municipal accounting. Its function is rather to round out and complete the older systems, which confined themselves almost exclusively to appropriation, expenditure, cash and debt statements. In prescribing for the city and county of Philadelphia an accounting system showing assets and liabilities, revenues accrued and expenses incurred, appropriations and funds, my guiding purpose is to make available to Councils, the Mayor, the Controller, and to other administrative and executive officers, current reports showing financial condition, operative results and condition of funds similar to those which are commonly available to the administrative heads of well managed private enterprises.

The activities of the city and county are diverse, including among its numerous functions farming, manufacturing, public service enterprises and the operation of hospitals and other institutions. I have had these conditions constantly in mind in preparing a system of accounting that would be practical in every way and that at the same time would be sufficiently comprehensive to tell currently a complete story of the financial transactions, work done, and results accomplished in every activity of the city and county government.

JOHN M. WALTON,
City Controller.

281983

Excerpt from Letter of Bankers relative to the beneficial effect upon the City's finances and credit of the asset and liability, revenue accrued and expense incurred and fund system of accounting and reporting:

"Philadelphia, January 27, 1912.

"HON. JOHN M. WALTON,
"City Controller, Philadelphia.

"Dear Sir:—

"In the interest of efficient management of the business of the City, we desire to express our approval of the plan of accounting and reporting which is being installed by you as shown in your annual report and your August statement of estimates * * *.

"Intelligent direction of public as well as of private business requires that all pertinent facts be accurately, systematically, and promptly placed before the responsible officers, and before the public, whose support is essential to the success of a progressive administration. The new forms of statements * * * provide admirably for the proper description, classification, and reporting of the financial and operative facts pertaining to the City government. These furnish what in private business would be regarded as the first essential of economical and efficient management.

"Carried into a uniform budget for all City Departments, an expense classification such as that presented in the revised estimates would enable citizens and taxpayers, as well as public officials, to comprehend readily the purpose of each appropriation item, and to determine the relative public importance of the several activities of the City. It would make possible, furthermore, the exercise of greater discretion on the part of Councils in defining and limiting the amounts which the various Departments may spend; on the part of the Mayor in approving or disapproving items in the budget; and on the part of the Controller in approving or disapproving bills that come before him for audit.

"Very respectfully,

(Signed)

"E. W. CLARK, E. W. Clark & Co.,
"W. W. FRAZIER, Philadelphia Trust Co.,
"RICHARD M. HARTLEY, Land Title Co.,
"ARTHUR E. NEWBOLD, Drexel & Co.,
"C. S. W. PACKARD, The Pennsylvania Co.,
"G. C. PURVES, Philadelphia Savings Fund,
"CHAS. J. RHOADS, Girard Trust Co."

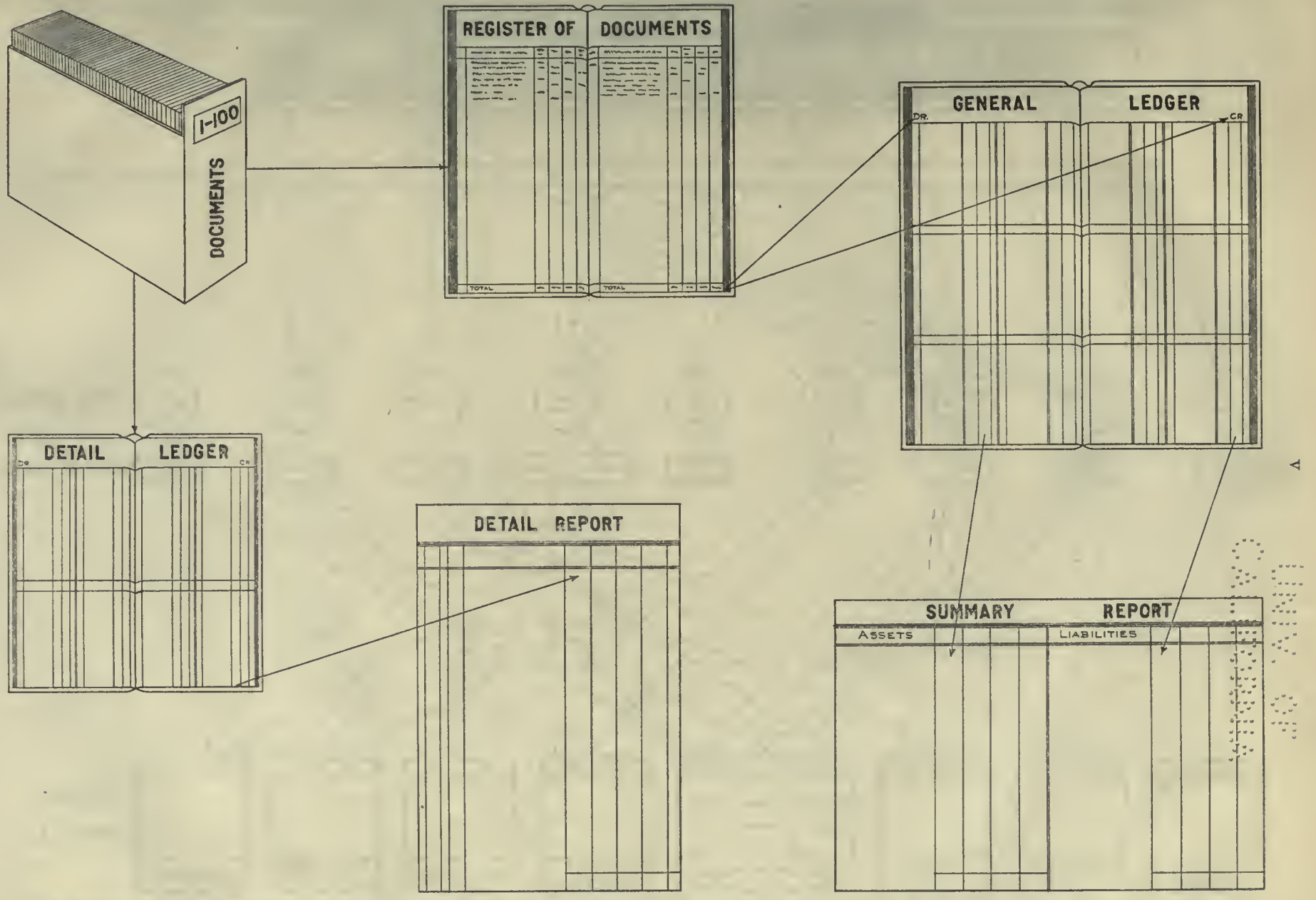


DIAGRAM SHOWING GENERAL PLAN OF THE ASSET AND LIABILITY, REVENUE ACCRUED AND EXPENSE INCURRED AND FUND SYSTEM OF ACCOUNTING AND REPORTING

CALIFORNIA

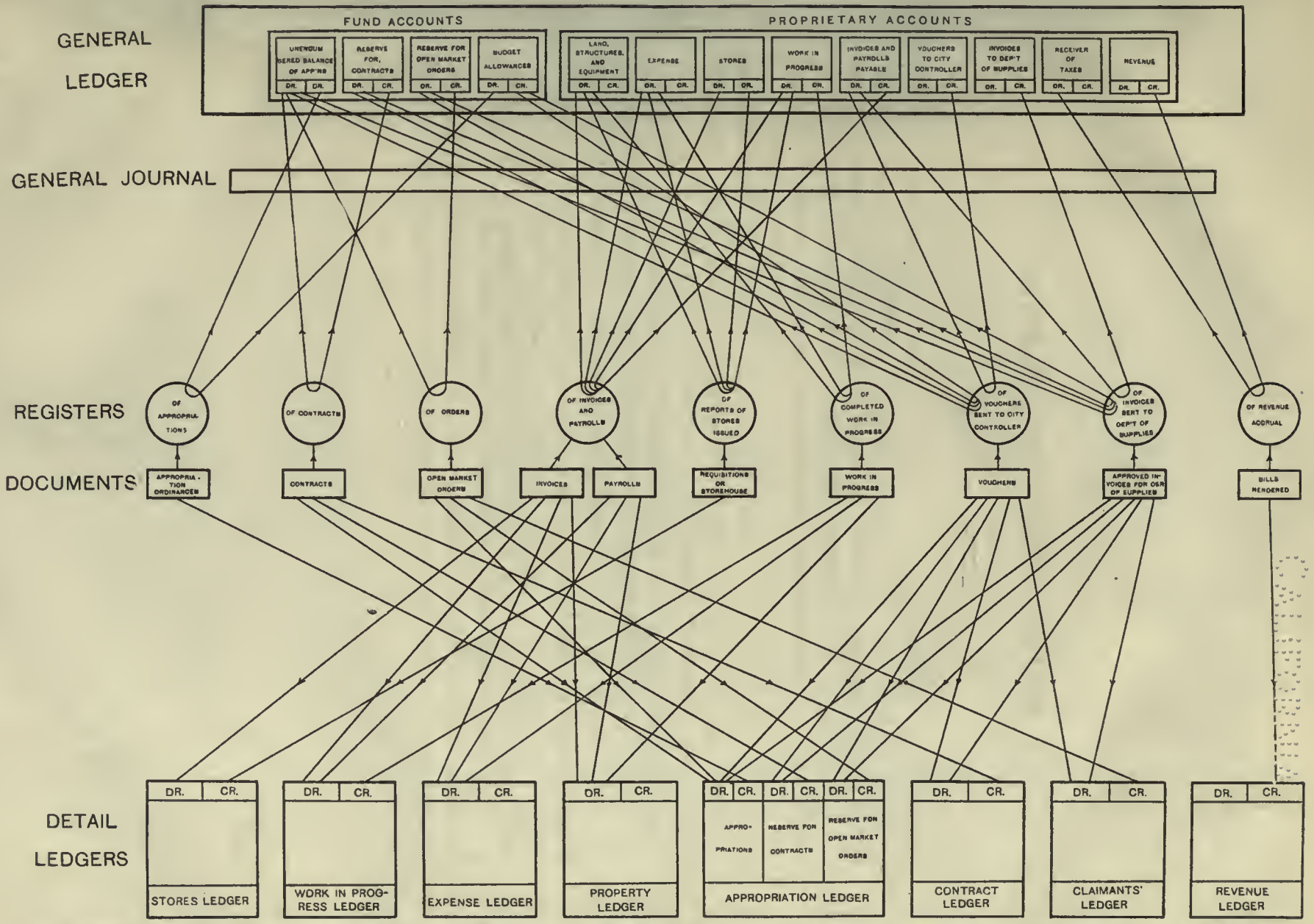


DIAGRAM OF ACCOUNTING SYSTEM AND MONTHLY GENERAL JOURNAL ENTRIES FOR AN OPERATING DEPARTMENT OR BUREAU

UNIV. OF
CALIFORNIA

TABLE OF CONTENTS

		PAGE
Foreword		iii
Excerpt from letter of bankers		iv
Diagram showing general plan of the asset and liability, revenue accrued and expense incurred and fund system of accounting and reporting		v
Diagram of accounting system and monthly general journal entries for an operating department or bureau		vii
Table of forms		x
Chapter I.	General description of asset and liability, revenue accrued and expense incurred and fund system of accounting and reporting	1
Chapter II.	Description and use of documents	3
Chapter III.	Description and use of registers and schedules of documents	9
Chapter IV.	Description and use of detail ledgers	20
Chapter V.	Description and use of general ledger, general journal and general journal entries	30
Chapter VI.	Description and use of monthly reports (schedules of balances and totals) from detail ledgers to be transmitted to department of city controller	40
Chapter VII.	Description and use of summary reports from general ledger	45
Chapter VIII.	Organization units and functions or activities of the city and county	56
Index		63

TABLE OF FORMS

The forms in this table were published in the blue book of forms entitled "Advance Sheets of Standard Departmental Forms for the Asset and Liability, Revenue, Expense and Fund System of Accounting and Reporting" December 16, 1912, and distributed to the several departments and bureaus, becoming effective January 1, 1913.

Form No.	Title of Form	Page in Blue Book of Forms
	DOCUMENTS	
2.	Requisition on department of supplies	2
4.	Contract order—Original	3
4-A.	Contract order—Contractor's copy	3
4-B.	Contract order—Controller's copy	4
4-C.	Contract order—Office copy	4
4-D.	Contract order—Copy of advice to consignee	5
4-E.	Contract order—Consignee's office copy	6
4-F.	Contract order—Acknowledgment by contractor	7
5.	Contract voucher	8
5-A.	Open market voucher	9
5-B.	Payroll and miscellaneous voucher	10
	REGISTERS AND SCHEDULES OF DOCUMENTS	
10.	Register of orders	12
10-A.	Schedule of orders	12
11.	Register of invoices	13
11-A.	Schedule of invoices	13
12.	Register of vouchers	14
12-A.	Schedule of vouchers	14
13.	Register of reductions in contract reserves	15
13-A.	Schedule of reductions in contract reserves	15
	DETAIL LEDGERS	
20.	Appropriation ledger (encumbrances)	17
20-A.	Appropriation ledger (expenditures)	17
21.	Contract ledger	18
21-A.	Contract ledger—Articles or services sheet	18
22.	Claimants' ledger	19
23.	Stores ledger	20
24.	Report of stores issued	21
24-A.	Assembling sheet for report of stores issued	21
25.	Expense ledger (one account to a page)	22
25-A.	Expense ledger (a class of accounts to a page)	22
	MONTHLY REPORTS	
30.	Monthly appropriation statement	24
31.	Monthly contract statement	24
32.	Monthly open market order statement	25
33.	Monthly stores statement	25
34.	Monthly statement of expenses incurred	26
35.	Monthly statement of permanent properties and equipment	26

UNIV. OF CALIFORNIA

MANUAL OF ACCOUNTING AND REPORTING

CHAPTER I

GENERAL DESCRIPTION OF ASSET AND LIABILITY, REVENUE ACCRUED AND EXPENSE INCURRED AND FUND SYSTEM OF ACCOUNTING AND REPORTING.

THE object to be attained by this system of accounting and reporting is to enable the city controller and other executives regularly and promptly to obtain the information needed for the effective performance of their duties. It simplifies administrative methods and procedure by placing the accounts and reports of each department and bureau on a uniform basis. The records required consist of six classes, as follows:

1. Files of documents containing the original evidence of each transaction.
2. Registers and schedules for each class of documents.
3. Detail ledgers for keeping each general class of accounts.
4. General ledger containing summary accounts.
5. Detail reports—schedules of balances and totals—from detail ledgers.
6. Summary reports—balance sheets and operation accounts—taken from general ledger.

The accounts and reports are grouped or classified as follows:

1. Proprietary accounts.
   a. General account—current assets and liabilities, revenues and expenses.
   b. Capital account—the municipal plant and long term debt.
   c. Special and trust accounts—assets set aside and liabilities for special purposes and beneficiaries.
2. Fund accounts.
   a. General fund—appropriations and resources available to meet them.
   b. Loan funds—funding provisions financed by borrowing.
   c. Special and trust funds—special appropriations and trust reserves.

GENERAL METHOD OF OPERATION.

The general method of operating this system is the same for each department and bureau, whether applied to expenditures or revenues and receipts. The accounts as kept by each of the operating departments and bureaus show in summary form as well as in detail analysis:

1. The proprietary relations—that is the assets, the liabilities and reserves, and the net current assets as well as net investment of the city;
2. The operation results—that is the revenues accrued, the expenses incurred and the excess of the one over the other; and
3. The funding relations—that is the authorizations to incur liabilities and spend money and the character and condition of the funded resources available to meet them.

The accounts of the department of supplies, as the city's purchasing agent, will be somewhat different from those of the operating departments and bureaus. They will deal very largely with unexpended balances of appropriations for supplies for all departments; and with contracts, open market orders, and other encumbrances against them. They will have little or nothing to do with proprietary accounts, except as dealing with its own assets, its own liabilities and reserves, revenues accrued and expenses incurred, the same as other departments.

The principal features of this system of accounting and reporting are:

1. **Permanent Record of Each Transaction.**

Each document must contain such information and must bear such signatures and verifications as will make it an original entry and the best evidence which may be produced to prove just what each transaction was, and definitely to locate personal responsibility for each step in the transaction from its beginning to its consummation.

Each file of original documents will constitute a complete record of all transactions of the class.

2. **Two Entries Made from Each Document.**

As a means of protecting the city against loss of original evidence, and for the purpose of fulfilling all accounting requirements, not less than two entries are to be made in the books of record from each document. The first entry is to be made from the original document in a register or registered schedule of documents which serves as a numerical index to the original files, as well as a secondary record of all the essential facts contained on the original document. Being classified according to classes of documents, each register will also serve the same accounting purpose as a journal or other book of original entry by means of which detail ledger postings may be proved. The second entry will be made from the original document which has been registered, or from a copy or schedule thereof, in a detail or subsidiary ledger account.

Both the registration and the detail ledger entry thereby become original entries of the information contained in a document, and as these entries are made independently, there is no chance for copying an error in registration or posting from one book to another.

In case there may be more than one detail ledger affected by the transaction, as many entries will be made as there are different detail or subsidiary ledger accounts affected.

For example, an open market order is entered as an encumbrance against a specified account in the appropriation ledger and in a specified account under the name of the vendor in the claimant's ledger; a contract order is entered against a specified account under the name of the contractor in the contract ledger but not in the appropriation ledger for the reason that the encumbrance is set up from the original contract at the time of its execution and not from the order, as is the case with open market orders.

3. **Control Over the Accuracy of Accounts and Reports.**

The totaling of the registers and the posting of the totals to a general ledger through the medium of a general journal, are to be done at the end of each month, or as often as may be found desirable to prove the accuracy of postings to the detail or subsidiary ledgers. The general ledgers accounts, therefore, serve a double purpose:

a. They will furnish a complete summary of all transactions for the period;
b. The trial balance of the general ledger will give to administrative and controlling officers balances or totals to which the accuracy of all the schedules of balances and totals of the subsidiary ledgers may be proved.

Control over the accuracy of the books should therefore be complete with respect to every detail of the accounts, as well as the mathematical accuracy of every item contained in both the summary and detailed accounts.

4. **Uniformity of Treatment to Similar Accounts.**

The required forms of records give uniformity of treatment to similar accounts in each of the departments, bureaus and offices of the city. The documents and books so far as possible are made self-explanatory, the forms and columns all bearing captions and instructions the purpose of which is to identify the forms and to give certainty to the procedure of those whose duty it is to keep them.

The only part of this system which requires considerable knowledge of accounting is the general journal and the general ledger—the instruments by means of which control over the accuracy and completeness of detail accounts and reports is secured. While of necessity the theory of these summary accounts must be technical and exacting in order to serve as an instrument of precision in the hands of the central controlling officer of the city, no doubt or question is left for the bookkeeper, as the whole practice is charted and each action to be taken is prescribed.

The classification established for the general ledger accounts has been defined after careful consideration of the question: What is the most summary statement of facts needed by officers in the administration of the city's business? In establishing the classification of detail accounts, the aim has been to furnish information in any detail which may be desired about any item in the summary statements of account.

CHAPTER II

DESCRIPTION AND USE OF DOCUMENTS.

By general classes, the documents used will be as follows:

1. Requisitions.
   (a) Requisitions on storekeeper.
   (b) Requisitions on central office of department or bureau.
   (c) Requisitions on department of supplies.
   (d) Requisitions on another department or bureau.
2. Orders.
   (a) Contract orders.
   (b) Open market orders.
3. Invoices.
   (a) Regularly rendered invoices.
   (b) Memorandum invoices.
   (c) Inter-departmental invoices.
   (d) Credit invoices or credit memoranda.
4. Expenditure vouchers.
   (a) Contract vouchers.
   (b) Open market order vouchers.
   (c) Payroll and miscellaneous vouchers.
5. Advices of voucher adjustment.

1. Requisitions.

A requisition is a request made by an officer or employee of the city for services, supplies and materials, such instrument becoming an official document when duly approved by an authorized official.

Requisitions will be of four classes, as follows:

(a) Requisitions on storekeeper.
(b) Requisitions on central office of department or bureau.
(c) Requisitions on department of supplies.
(d) Requisitions on another department or bureau.

(a) Requisitions on Storekeeper.

The form used for "requisitions on storekeeper" is left to the discretion of the particular department. It must, however, contain sufficient information to enable the accounting division to properly classify the materials issued, and will be of a distinctive form and color. Requisitions on storekeeper being prepared in triplicate, the original and duplicate are forwarded to the storekeeper through the proper channels, and the triplicate remains as a permanent record in the issuing office.

When properly approved, the original and duplicate requisitions are sent to the storekeeper and are his authority to make deliveries requested thereon. Deliveries from the storehouse should always be accompanied by the duplicate requisition, which serves the purpose of a "delivery" or "shipping" ticket and bears the receipt of the person to whom the materials are issued. At the time of delivery of the goods, the storekeeper notes the fact upon the original requisition and forwards it to the central accounting office of the department or bureau. The duplicate requisition he retains on file as a storehouse record.

No particular method of numbering the requisitions on storekeeper is prescribed, this being left to the discretion of the departments.

(b) Requisitions on Central Office of Department or Bureau.

When there is need for articles not kept by the storekeeper, or when the storekeeper requires articles at the storehouse or when services are required, a requisition on the central office of the department or bureau should be prepared in duplicate; the original requisition being forwarded to the central office of the department or bureau; the duplicate being retained by the requisitioner.

Upon the receipt of the original requisition in the central office of the department or bureau, and as soon as the necessity for the requisition has been determined, either (1) a

requisition will be made upon the department of supplies (c, described below) or (2) an order will be sent to a vendor by the central office of the department or bureau, or (3) a requisition on another department or bureau (d, described below) will be made, according to the manner in which the articles or services are to be obtained.

A departmental order for the purpose of filling a requisition on central office should only be issued in special cases where its issue will not be in conflict with the Act of Assembly of April 4, 1903, P. L. 154, and where there is an unencumbered balance of an appropriation available in the department or bureau issuing it.

The forms used for the requisition on the central office should be of a distinctive form and color, but should follow the same general lines as those issued upon the department of supplies (form No. 2). Minor changes in the wording and which do not change the essential character of the requisitions may be made to suit the requirements of the particular department. The items enumerated must be intelligible so as to admit of their proper classification by character of expenditure and by function or activity.

(c) **Requisitions on Department of Supplies.**

Act of Assembly of April 4, 1903, P. L. 154, provides that the department of supplies shall have the direction, control and administration of the purchase and supply of all articles of personal property required in the conduct of the business of the city and that all departments of the city shall obtain such articles by requisition upon the department of supplies. By virtue of this act the department of supplies is designated the purchasing agency for the city of Philadelphia.

The requisition on the department of supplies should be prepared in duplicate by means of carbon paper. The original, when properly approved, serves as a request made upon the department of supplies for the purchase of material or other things requisitioned for, and the duplicate as a file copy for the department or bureau issuing the requisition. No particular method of numbering the requisitions is prescribed, this being left to the discretion of the department. It is suggested, however, that each department or bureau issuing requisitions on the department of supplies discontinue the present practice as soon as the new forms are available, and number the first requisition No. 1 and continue consecutively. The letter "S" immediately preceding the number will signify that the requisition is on the department of supplies.

(d) **Requisitions on Another Department or Bureau.**

When the occasion arises for a department or bureau to ask that work be done for it, or that supplies and materials be furnished by another department or bureau a requisition on central office should be made out in the regular form by the person requiring the services or the material and sent to the central office of the bureau, which will issue on the other department or bureau, from this requisition an inter-departmental or inter-bureau requisition upon a form similar to that used for the requisition on the department of supplies.

2. **Orders.**

As herein used orders are of two kinds, namely, contract orders and open market orders. (a) *Contract orders* will be understood to mean the requests made by a purchasing agent or other person authorized to request the delivery of supplies and materials under formally executed contracts, the quality, quantity, and price of the supplies or material being governed by the terms of the contract under which the order is issued. (b) *Open market orders*, as used in this relation, will be understood to mean all requests for the delivery of supplies, materials, or the rendering of service not formally contracted for by the city, and which, upon acceptance and delivery by the person receiving the same, constitute informal contracts, the quantity, quality and price being determined by correspondence and other informal agreements between the agents of the city and the vendor prior to delivery, or by the settlement of accounts stated after delivery.

The two kinds of orders and the copies thereof should be in different colors. The several copies are used as follows:

(1) Original order (Form 4) to be attached to the voucher transmitted to the controller. This copy of the order is to be sent to the vendor with (2) and (3) described below (Forms 4A and 4F), and is to be returned by him with the delivery of the goods in case it is contemplated that the order shall be completed by a single delivery. Being the original order, an exact copy of which is left with the vendor, and being delivered by the vendor or by his agent to the receiver of the goods, it becomes, when properly certified and receipted, the best evidence obtainable (a) as to the character of the order given, (b) as

to the fact of delivery, and (c) as to the quantity and description of goods for which claim may be entered by the vendor against the city.

(2) Copy to be retained by vendor (Form 4 A).

This copy is for the use of the vendor, and is his evidence of the order received from the city. It is also to carry full instructions to the vendor as to the department ordering, the place to which the delivery is to be made, and the quantities, prices and description of goods. The instructions contained on the order are (a) that the number of the order (and contract, if a contract order) is to be indicated on invoices; (b) that all goods are to be billed at prices agreed; (c) that invoices in triplicate form must accompany each delivery of goods, or the goods will not be received.

(3) Acknowledgment by vendor of the receipt of order (Form 4 F).

This copy will be returned by the vendor to the office from which it was issued as an acknowledgment of the receipt of order and the date on which delivery of the supplies ordered may be expected. Upon its return this copy of order will be used by the department's inspectors to note on the extended sheet the particulars of inspection, after which it may be attached to the copy of invoices and other papers in the case and filed. If there is doubt of the prompt return of this copy of the order by the vendor an additional copy of the order can be made for the use of the inspector as described below under (8).

(4) Controller's copy (Form 4 B).

This copy of order must be sent to the department of city controller as an advice of the order issued and to enable the controller to establish the reserves and encumbrances set up against appropriation accounts for orders issued.

(5) Office copy (Form 4 C).

This copy is to be retained in the issuing office to establish therein a complete file of all orders issued.

(6) Copy of advice to consignee (Form 4 D).

This copy is to inform the one from whom the requisition on the purchasing agent or order clerk has been received that the goods have been ordered; to notify him as to the date of the order, the quantity and description of the goods, and to instruct the receiver of goods: (a) that delivery must be accompanied by invoice in triplicate or goods will not be received; and (b) that if at any time it may be necessary to use goods which have been delivered without invoices, the person receiving the goods must make out memorandum invoices in triplicate, and state thereon the emergency which caused such action to be taken. These instructions are to be waived or varied only in the case of goods which are received on orders that are not to be filled by a single delivery, in which case a different procedure is required. A complete file of the above form also serves as a receiving record, space for entering the particulars of the receipt of goods being provided on the reverse side of each form.

This copy of order is to be held by the consignee or receiver of the goods ordered until order is completely filled and goods delivered, inspected and passed, when it is to be certified and approved and if the supplies ordered were purchased through the department of supplies, transmitted to that department, together with the original and duplicate invoice, the original order and the schedule of invoices sent to department of supplies. If the supplies ordered were purchased direct or independently of the department of supplies by other departments or offices then this copy of order will of course be retained for permanent file in those departments or offices.

(7) Consignee's office copy (Form 4 E).

This copy of order, when issued by the department of supplies, is to be retained in the central or accounting office of the department or bureau that received the goods as a record of goods ordered through the department of supplies. For such departments or bureaus this copy may, upon its receipt from the department of supplies, be registered in a memo. register of orders—separate from the register of orders (Form 10) herein described—to establish the encumbrances against department of supplies appropriations, memorandum accounts of which will be kept by each department or bureau. In the event, however, that a department may wish to set up the encumbrance against the memorandum appropriations from the requisition on the department of supplies rather than from the copy of order received from the latter department, the copy of order may be filed numerically thus making a serial record or it may be placed in a temporary file and, when invoices are received, taken from the original file and attached to the copies of the requisition and invoice retained by the department.

(8) Inspector's office copy (Form 4 F).

This copy is sent to the inspector's office, department of supplies. By this copy the inspectors are informed as to the quality and quantity of the goods ordered, the point of delivery and the date upon which the delivery is to be made. When the goods have been found to meet the requirements of the orders, the consignee or receiver of goods is notified, the copy then becomes the permanent record of the inspector's office. This copy is required only when order is issued by department of supplies. The forms used and the method and procedure employed in issuing orders direct to the contractor or vendor by the several departments or bureaus should be substantially the same as described above.

3. Invoices.

In addition to the classification of invoices which follows, it should be noted that invoices in the city departments and bureaus are of either of two general classes; namely, (1) *departmental invoices* for goods or services purchased by a department or bureau upon its own order, and (2) *"supplies" invoices* for goods purchased upon order of the department of supplies as the purchasing agent of the city.

(a) **Regularly rendered invoices.**—An invoice will be considered as a statement of account rendered by a person who has furnished supplies or material, or who has performed service for the city not as a regular employee, such statement of account being used as a basis for the settlement of claims for goods so furnished or services so performed. Except under conditions described below under the heading "memorandum invoices," it is necessary that invoices shall be rendered to the city at the time supplies and materials are delivered, or when services have been performed. Invoices for goods ordered by the department of supplies for the other departments and bureaus shall be delivered with the goods to the department or bureau for which the goods were purchased.

Invoices in triplicate are to be required for all purchases by the department of supplies for other departments and bureaus; and invoices in *duplicate* for all purchases by departments direct. If an extra copy of an invoice is needed by any department or bureau, there is no objection to its being required by the department ordering the goods. Any goods delivered under the circumstances above described, without triplicate or duplicate invoices, as case may be, will be held (if at all) at the vendor's risk; they will not be used or received into stock until invoices in triplicate are furnished.

(b) **Memorandum invoices** are to be used under the following conditions: If at any time it may be necessary to use goods which have been delivered without invoices in triplicate, the person receiving the goods must make out memorandum invoices and state thereon the emergency which caused such action to be taken.

Memorandum invoices will be treated in the same manner as vendor's invoices until the vendor's invoices shall have been received, when the copies of the vendor's invoices will be checked to the corresponding copies of the memorandum invoices and filed therewith as a part of the record.

Delivery slips in lieu of triplicate invoices are to be delivered with the goods when merchandise is delivered under the following conditions:

(1) When it is contemplated that more than one delivery is to be made on account of a formal or an informal contract which does not require that orders be issued against it;

(2) When it is contemplated that more than one delivery is to be made on a single order issued against a formal contract;

(3) When it is contemplated that more than one delivery is to be made on a single open market order.

The receiver of the goods will note the particulars of each delivery on the back of the "copy of advice to consignee" (Form 4D), and when the final delivery is made with the copies of invoice and original order accompanying it, he will copy on the back of the original order the particulars of each delivery which he has previously noted on the "copy of advice to consignee." Whenever goods are delivered under the circumstances above described it is contemplated that the vendor shall leave with the receiver a delivery slip. In case the vendor does not leave a delivery slip with the goods the receiver will provide a memorandum for the deliveryman to sign as evidence of the quantity of each article delivered. These delivery slips, whether on the vendor's or receiver's forms, will be kept on file by the receiver of goods until the final delivery upon an order is received, when they will be attached to the original copy of the order (Form 4) and forwarded, together with the "copy of advice to consignee" and the copies of the invoices (approved as to quantity and quality), to the central office of the receiver of the goods. In case of orders not completed at the end of the month, the re-

ceiving clerk will list the receipted delivery slips on a separate memorandum for each uncompleted order and send them to the central office of the department or bureau for entry in the register and schedule of invoices in the month in which the goods were received. They will be given an invoice number, which number will also be placed on the invoice when it comes through with the final delivery of the goods. This is done that the delivery slips may be identified on the register and schedule of invoices with the remainder of the invoice that is registered in a subsequent month.

To the end that the contractor or vendor may clearly understand how he shall render invoices *in the cases described above,* the department of supplies (or other office issuing orders) will stamp the following notation on the contractor's or vendor's copy of the order: *"Delivery slip must accompany each delivery of goods, and with the final delivery, invoices in triplicate covering all deliveries upon the order must be sent to the department or bureau receiving the goods."* The same procedure must be followed in rendering invoices covering partial deliveries as has been outlined above under the heading "Regularly rendered invoices." That is, they must in all cases accompany the final delivery of goods to the consignee, and upon approval of the goods as to quantity and quality by the proper person, be forwarded to the central office of the department or bureau for entry upon the register and schedule of invoices (see page 11). If the goods have been ordered by the department of supplies, however, the "Supplies invoices" are later entered upon the register and schedule of invoices sent to the department of supplies, preparatory to being forwarded to that department (see page 14).

It should be borne in mind, however, that this procedure for invoices is *confined solely* to those exceptional cases where it may be necessary to deliver goods ordered without invoices in triplicate accompanying the delivery.

If it is found that there are any conditions in connection with the delivery of goods and the rendering of invoices that are not provided for by the foregoing procedure, rules covering the same, in conformity with the general method of operation herein described, may be formulated as they arise.

Wherever in the procedure outlined above the department of supplies is named, the same procedure with slight modifications to suit local conditions will be followed by all other departments and offices. The department of supplies is named specifically because that department is the purchasing department or agent for all city departments, bureaus and offices.

(c) **Inter-departmental invoices.**—An inter-departmental invoice is an invoice rendered by one department or bureau to another for services rendered or materials, supplies or equipment delivered, or for the transfer of custodianship of land, structures and non-structural improvements. In the case of inter-departmental transfer all services, materials or property are to be billed at cost (or book) value.

In the case of services the journal entry representing the cost value of services furnished another department or bureau will be charged to inter-departmental services, etc., through the medium of the register of invoices and payrolls. Materials, supplies and equipment purchased for another department or bureau where such fact is known at time of purchase will similarly be charged to inter-departmental services, etc., through the medium of the register of invoices and payrolls.

Materials, supplies and equipment issued from the storehouse of a department or bureau for the benefit of another department or bureau will be charged to inter-departmental services, etc., through the medium of the monthly report of stores issued.

Equipment that is in use by a department or bureau and not in stores at the time of its transfer to another department or bureau, and land, structures, non-structural improvements, accounts receivable, choses in action, or any other asset whatsoever not mentioned above, the custodianship of which is transferred to other departments or bureaus, must be registered in the register of property and equipment, etc., transferred; the description of which appears later. Through the medium of this register monthly totals of the cost (or book) value of property that has been in the custody of a department, and which is transferred, are secured, and inter-departmental services, etc., is charged, and land, structures, non-structural improvements and equipment or other asset accounts—as the case may be—is relieved or credited therewith.

The inter-departmental invoices should describe and give the cost (or book) value of the property transferred, and should be prepared in triplicate. The original and first copy (duplicate) should be sent to the receiving departments, and with the goods if possible. The second copy (triplicate) should be retained by the department furnishing the goods. The first copy should be receipted by the department receiving the goods and returned by it to the department furnishing the goods as evidence that the goods as issued have been received.

(d) **Credit invoices or credit memoranda** are issued where there are allowances or reductions made on an invoice in favor of the city, usually on account of goods returned to the vendor. When such invoices are received, they will be entered in the registry of invoices in red ink as a credit. If an invoice has been vouchered prior to the goods being returned to the vendor, the adjustment would be made in the voucher register instead of in the invoice register.

Whenever it is not practicable to issue orders covering petty expenditures the invoices covering such expenditures should have noted on them the words "No order."

4. **Expenditure voucher** as herein used is a document prepared by a department or bureau, containing a statement of an amount due by the city, approved by the proper head of the department or bureau, such statement being accompanied by the evidence of the propriety and justice of the claim certified to by persons having direct knowledge thereof.

There are three classes of expenditure vouchers, namely those chargeable to (1) general fund appropriations; those chargeable to (2) loan fund appropriations, and those chargeable to (3) special and trust fund appropriations. Each of these three main classes of expenditure vouchers is sub-divided as follows:

(a) Contract vouchers (Form 5) printed on blue paper.
(b) Open market vouchers (Form 5 A) printed on yellow paper.
(c) Payroll and miscellaneous vouchers (Form 5 B) printed on white paper.

The first named, (a) contract voucher, is used to cover payments applying to duly executed contracts; (b) open market vouchers cover open market orders, and (c) payroll and miscellaneous vouchers cover all payrolls and incidental expenses for which no contract has been executed or open market order issued.

The several classes of vouchers are of the same size and form, and furnish the same general information to the city controller.

If possible, no voucher should be drawn for an amount less than one dollar.

Approval of all claims against the city for audit and payment shall be on expenditure vouchers, certified by the head of the department in which the claims originate. Particulars of the claim will be entered on the inside of the voucher, giving the item, date, recapitulation by object of expenditure, and, if there are several items chargeable to one account, they will be entered in the column headed "amount." The total of the items will be extended in the last column, and if more than one account is covered by the voucher, the last column will be totaled and this total will be the amount of the voucher.

On the reverse side of the voucher (Forms 5, 5 A and 5 B), the departments will enter the number of voucher and warrant, estimate number if a contract voucher, and open market order number if an open market voucher, and the general or loan fund appropriation item numbers and amounts. The name of the payee, the nature of the voucher and the total amount thereof will also be shown in the spaces provided therefor. Under the heading "Character of expenditure" and "Amount" will be entered the distribution of the voucher amount in accordance with the classification of expenditure detailed thereunder. The total of the amount column will be the total amount of the voucher as distributed. Space is provided likewise for the approval of the voucher by the bureau chief and the director of the department in which the voucher emanated, and for the acknowledgment of the receipt of the warrant by the payee.

5. **Advices of Voucher Adjustment.**

When an adjustment between the amount of a warrant and the amount of a voucher, or any adjustment in the amount of a voucher, is necessary in the division of audit of expenditures in the department of city controller, there will be prepared and forwarded to the department or bureau in which the voucher originated an advice showing the date and number of the warrant and voucher, number of the contract (if on a contract voucher), name of the claimant, original amount of the claim, amount of adjustment, and nature of adjustment. This advice will serve as a basis for adjustment entries in the proper departmental or bureau records, for the adjustment of the voucher and the drawing of a new warrant, and as a permanent record in the files of the department or bureau concerned.

Duplicate copies of the advice of voucher adjustment are to be sent to the department of supplies for changes in the amount of a warrant and voucher prepared by that department. The duplicate copy will, upon approval, be sent by the department of supplies to the particular department or bureau, whose accounts are affected by the adjustment. In this way the city controller's accounts will be kept in constant adjustment with the accounts of the operating departments and bureaus and the department of supplies.

CHAPTER III

DESCRIPTION AND USE OF REGISTERS AND SCHEDULES OF DOCUMENTS.

By general classes, the registers and schedules of documents used will be as follows:

1. Register and Schedule of Contracts.
2. Register and Schedule of Orders—Contract and Open Market.
3. Register and Schedule of Invoices and Payrolls.
4. Register and Schedule of Invoices sent to Department of Supplies.
5. Register and Schedule of Vouchers sent to City Controller.
6. Register and Schedule of Reductions in Contract Reserves.
7. Register and Schedule of Properties, etc., transferred or otherwise disposed of.
8. Register and Schedule of Inter-Departmental Services, etc., received.
9. Monthly Report of Stores Issued from Storehouse.
10. Monthly Report of Stores Returned to Storehouse.
11. Register and Schedule of Reserves for Repairs and Capital Depreciation.
12. Register and Schedule of Revenue Accrual.

Where it is not specifically stated in connection with the description of each register and schedule, it is understood that a schedule is prepared by means of carbon paper at the time each register sheet is written. The schedules in all cases must be promptly transmitted to the city controller.

By reason of the infrequency of special and trust transactions, separate columns have not been provided in the several registers for entries of this character. When transactions of this kind occur, entry thereof should be made in the "general account" or "general fund" column and the amount designated by a symbol in order that separate totals for "general account" or "general fund" and "special and trust accounts" or "special and trust funds" may be secured for journal entry purposes.

The special and trust transactions have been omitted from the journal entries of this chapter and of chapter V, as they will not occur in a number of the departments or bureaus. Where they do occur, the journal entries here given may be readily expanded to include special and trust transactions owing to the journal entries therefor being similar to those of the general account and capital account and those of the general fund and loan funds.

In this chapter and chapter V the words "safety" and "supplies" have been used in journal entries to distinguish between appropriations, and transactions incident thereto, made to an operating department or bureau direct and those made to the department of supplies for the use of an operating department or bureau. The word "safety" as the short departmental title of the department of public safety is used for illustrative purposes. In practice, the short title of the particular department or bureau for which the general journal entries are formulated would be substituted.

1. Register and Schedule of Contracts.

The purpose of a register of contracts is to provide a chronological record of this class of documents, as well as monthly totals for the general journal.

No regular form of register and schedule of contracts is provided in the book of forms and in a number of departments and bureaus where the contracts entered into are few in number, they can be readily summarized and totals for the month secured without the use of any special record. Even in the departments and bureaus where few contracts are entered into, however, a register will be found of value which shows the date of execution of the contract, name of the contractor, the purpose of the contract and the amount of the contract, divided as to general fund, loan funds or special and trust funds.

The register and schedule should be totaled at the end of each month, a separate total being made for general fund, for loan funds and for special and trust funds. If a loose leaf register is used, the schedule for transmission to the city controller may be made by carbon process.

In the department of supplies, two copies of the schedule of contracts in addition to the register of contracts will be required, the second copy being sent to the department or bureau for whose benefit goods or services are being contracted. The purpose of thus notifying the operating department is to enable it to encumber the memorandum appropriation accounts that it keeps with the appropriations made to the department of supplies for its use.

The totals by funds of contracts entered into form the basis of a general journal entry, as follows:

Unencumbered Balance of Appropriations—Safety—General Fund.
Unencumbered Balance of Appropriations—Supplies—General Fund.
Unencumbered Balance of Appropriations—Safety—Loan Funds.
Unencumbered Balance of Appropriations—Supplies—Loan Funds.
To Reserve for Contracts—Safety—General Fund.
Reserve for Contracts—Supplies—General Fund.
Reserve for Contracts—Safety—Loan Funds.
Reserve for Contracts—Supplies—Loan Funds.

2. Register and Schedule of Orders—Contract and Open Market.

The purpose of the register of orders (Form 10) is twofold: (1) to provide a complete record and numerical index to files of orders issued; (2) to establish totals of estimated or actual amounts by means of which the accuracy of postings to reserves set up against appropriation accounts, as well as the postings of orders to the contract ledger and the claimant's ledger, may be proved. Orders should be entered chronologically, one line for each order, under one series of order numbers, beginning with number 1 at the first of the year or with any other number if it is desired to continue a series already begun.

It is recommended that a loose leaf form of register be used so that the register and a schedule may be made at one writing by means of a carbon sheet. A schedule of orders must be transmitted to the department of city controller as soon as enough orders have been issued to fill or nearly fill a schedule, but not less often than twice a month.

Departments which purchase their supplies through the department of supplies will not use this register of orders (Form 10) to register the copies of orders issued by the latter department. The department of supplies will register and schedule to the controller all orders issued for supplies whether for its own use or for the use of other departments. The copy of order sent to departments as an advice of the issue of an order by the department of supplies will be registered by each department in a separate register kept for that class of orders. The use of this register will be exactly similar to that of the register of orders (Form 10) described above with the exception that no schedule of the entries therein will be transmitted to the city controller, and the postings made therefrom will be only to memorandum appropriations accounts (department of supplies appropriations).

As the columnar arrangement of the register of an operating department or bureau for department of supplies orders will be the same as the register (Form 10) designed for orders issued direct by departments, the loose sheets of the latter may be used for both purposes and kept in separate binders or in one binder separated with a tab or guide sheet.

If a department feels that the time elapsing between the issue of a requisition on the department of supplies and the receipt of the copy of order therefrom is too long to delay encumbering the memorandum appropriation accounts the requisition rather than the order may be used for this purpose. It must be pointed out, however, that if requisitions instead of orders are used to encumber department of supplies appropriations the results in many cases will not be as satisfactory as if orders were used. For example, requisitions for supplies not on contract at the time of issuing the requisition will have to be held open or posted to some suspense account, because the department issuing the requisition will not know at the time whether the supplies requested are to be purchased on contract or open market order. This information is necessary to determine whether the charge should be made to the appropriation ledger as a contract or as an open market order encumbrance, and also whether the charge should be made to a new account in the contract ledger or to some account in the claimant's ledger as an open market order. The price at which to estimate the amount of the order will, likewise, be unknown at the time the requisition is issued. But an estimate must be made of the amount of each requisition if it is to be set up at once as an encumbrance against some appropriation, and this estimated amount may be subject to great fluctuations from the amount of the order as issued by the department of supplies.

Considering these difficulties it would seem more satisfactory to a department to use only the copy of order from the department of supplies when setting up the encumbrance for orders issued. As requisitions are issued on the department of supplies a copy thereof could be placed in a binder, and when a copy of the order is received from the purchasing department the copy of requisition could be taken from the binder and attached to the order, which latter would be registered and placed in a temporary file pending the receipt of the goods ordered. The order would thus become the encumbrance against the particular appropriation

account affected. If, pending the receipt of the copy of order from the department of supplies, it is desired to know the available balance in an appropriation for further orders, there could be deducted from the unencumbered balance as shown by the appropriation ledger the estimated amount of the requisitions chargeable to that particular appropriation pending in the requisition binder. To facilitate ready reference to this binder it could be divided into as many sections as there are department of supplies appropriation items, and the sections indicated by division sheets with tabs. In this way a department would know at all times the state of its fund accounts with the department of supplies, and it would be much easier to maintain a constant balance between the latter department and other departments and bureaus.

The order numbers will be serially entered in the first column to the left. The number of the requisition on which the order is based will appear in the second column, with the day of the month in which the order is issued appearing in the third column. The name of vendor and the purpose for which the order was issued, being a brief description of the articles or services required, will appear in the next two columns respectively, with another column headed "Memo" in which may be noted any further information relating to the orders. In the column headed "General, Loan or Special and Trust Item No." will be entered the number of the appropriation item from which the order is payable.

In the next four columns under the main heading "Estimated or Actual Cost" will be entered the estimated cost of the order or the actual cost if that is known in advance. If the order is drawn against a contract chargeable to a general fund appropriation account it will be entered in the column headed "Contract" under "General Fund;" if chargeable to a loan fund account it will be entered in the column headed "Contract" under "Loan Fund." If it is an open market order it will be entered in the column headed "Open Market" under "General Fund" or "Loan Fund," according to the fund to which it is chargeable. In the column headed "Goods Inspected" will be noted the fact of inspection of the goods delivered on the order. Vouchers transmitted to the controller in settlement of claims based on orders filled or completed will be indicated in the last two columns of the register of orders.

At the end of a month, after all orders issued during the month and chargeable in the month are entered, the register of orders will be totaled in all of the columns and the totals entered in ink.

For the present no posting of *contract* orders issued will be made to the detail fund ledgers, nor will the totals thereof be journalized for posting to the general ledger. It is not thought expedient at this time to set up in the general ledger any account for "Reserve for Contract Orders." Instead of encumbering the "Reserve for Contracts" account with the estimated or actual amount of contract orders issued, as shown in the register of orders, this account will be debited with the actual amount of contract vouchers settled each month as shown in the register of vouchers, the operation of which is explained in detail on page 16.

From the register of orders, therefore, the following journal entry only will be made, to be entered in the general journal and posted to controlling accounts in the general ledger at the close of each month:

Unencumbered Balance of Appropriations—Safety—General Fund.
Unencumbered Balance of Appropriations—Supplies—General Fund.
Unencumbered Balance of Appropriations—Safety—Loan Funds.
Unencumbered Balance of Appropriations—Supplies—Loan Funds.
To Reserve for Open Market Orders—Safety—General Fund (column 9).
Reserve for Open Market Orders—Supplies—General Fund (column 9).
Reserve for Open Market Orders—Safety—Loan Funds (column 11).
Reserve for Open Market Orders—Supplies—Loan Funds (column 11).

3. Register and Schedule of Invoices and Payrolls.

The purposes of the register of invoices and payrolls (Form 11) are:

1. To provide a complete record and index to files of invoices and payrolls; and
2. To establish totals for monthly journal entries to the general ledger which contains controlling accounts by means of which the accuracy may be proved of the postings of invoices, and payrolls to the detail ledgers of "Expense," "Property" (capital outlay), "Work in Progress" (jobs) and "Stores."

In addition to invoices received from vendors, and payrolls, all other miscellaneous liabilities as incurred should be entered upon the register and schedule of invoices and payrolls.

There are two registers of invoices—one for the invoices covering material purchased

directly by a department or bureau and called invoices "Safety" or "Works" or "Health and Charities," or other short departmental title according to the name of the department, and the other for invoices covering material purchased for a department or bureau by the department of supplies which are called "Supplies" invoices.

As soon as there are enough invoices on hand as nearly to fill a register sheet and not less frequently than twice a month in larger bureaus and once a month in the departments and bureaus having very few invoices, a schedule of invoices (Form 11 A) shall be prepared and sent to the city controller's office. This schedule must show all the entries on the register of invoices at the time the schedule is transmitted. The forms are so designed that the schedule may be a carbon copy of the register. "Supplies" invoices must be registered and scheduled separately, but in the same manner as departmental invoices by the department receiving the goods and the schedules transmitted to the city controller's office in the same manner as the schedules of departmental invoices.

It will only be necessary for the department of supplies to register and schedule the invoices for goods delivered to it for its own use and for its own payrolls and miscellaneous liabilities incurred.

Commencing with the first of the year a series of schedule numbers will be started beginning with No. 1 for the departmental schedules, and No. 1 S for the "Supplies" schedules. This schedule number will be noted on the register as well as on the schedule. The date of transmission of the schedule will also be noted upon the register; both of these notations being made in the space in the upper left-hand corner, provided for the purpose. The date of the schedule should be the same as the date of transmission to be written on the register, and in the event of schedules being transmitted once a month they should bear the date of the last day of the month.

The register of invoices lays the foundation for a proper separation of expenditures by months. To this end the invoice for an expense incurred in December ought to be entered upon the December and not the January or a subsequent register. The latter event would not occur if invoices were at all times delivered with the goods and promptly prepared for registering. *Upon the handling of invoices in the same accounting month in which the expense is incurred depends the value of comparisons between month and month, year and year. Every effort should be made to have all invoices for goods delivered in December, for instance, registered on the December register.* For such large charges as the monthly lighting bills, etc., it is essential that the register for a given month be kept open until the bills for that month can be entered. The bookkeeper will have to exercise some judgment, however, as to how long he can afford to keep registers open, in order to get in delinquent invoices, before he closes his register of invoices for the month; but in doing so he should bear constantly in mind the comparisons which are to be made of monthly expenses and monthly acquisitions of property as will be shown by the reports drawn from his detail ledgers.

The procedure to follow in registering invoices is first, to post in the column No. 1 the number given by the bookkeeper to the invoice, then in column No. 4 headed "Registration," the date upon which the invoice was actually entered in the register, in column No. 5 the date of the invoice itself, and in column No. 6 the date of the delivery of the goods if such date differs from that of the invoice.

Column No. 7 is for the number of the order which the invoice covers (either partly or completely). Under "Claimant" will be entered the name of the claimant from whom the purchase is made. At the right-hand end of the line note the number of the appropriation item to which the invoice is to be charged when it is vouchered. If the invoice is chargeable to a general fund appropriation the amount will be entered in the column headed "General Account;" if chargeable to a loan fund appropriation it will be entered in the column headed "Capital Account;" if chargeable to a special and trust fund appropriation it will be entered in the column headed "General Account" and indicated with the Special and Trust Account symbol in order that separate totals for the General Account and Special and Trust Accounts may be secured. This information is derived from the appropriation item number which the invoice bears.

The five columns under "Distribution" are provided to indicate the nature of the expenditure accounts to which the invoices and payrolls are chargeable. All invoices chargeable strictly to "Expense" and bearing an expense symbol or name should be entered in the column headed "Expense." The four blank columns following that headed "Expense" are for such invoices as are properly distributable to "Work in Progress" (jobs), and "Stores" accounts, "Property" (capital outlay), for which there are respective ledgers and for which headings to the columns should be written on each sheet of the register, care being taken to

keep the position of the column so headed relatively the same sheet by sheet. The invoice bears a symbol or a job name that will determine the column and ledger in which the charge is to be distributed. Occasionally the charges on an invoice are distributed to two or more kinds of accounts and will therefore be distributed on the register and schedule in two or more of the distribution columns.

The second and third columns under the heading "Voucher" are for reference only, and will not be filled in until after the voucher covering the invoices has been prepared and registered. These two columns are primarily for the use of the city controller's office, but may be used to advantage by the bureau to indicate, by entering the number of the voucher when drawn, the invoices that have gone to payment. The date of delivery of goods in the sixth column is to indicate whether the rule, requiring deliveries to be accompanied by invoices, is being complied with.

The labor and salary rolls are entered on the register and schedule of invoices and payrolls as if they were invoices, except that there is to be posted no invoice nor order number, no date of registration nor claimant. Note whether the roll is for labor or for salary and the dates of the period which the roll covers. The distribution of the rolls to the columns for the different controlling accounts and detail ledgers is obtained in totals for each roll, from the time sheet or other document in which the charges on the roll to each symbol or name of account are summarized by accounts. The entry of the payrolls upon the register is made preferably at the end of the month after all the invoices to be taken into account for that month have been registered. The payrolls are entered only on the departmental register and schedule, as there are no purchases of personal services by the department of supplies for other departments and bureaus.

If the amount of an invoice entered on a register and schedule *previous to that of the current month* has to be changed by reason of an error in price or calculation, or for any other reason, the increase or decrease will be noted against the original entry in red ink as a memorandum *only*, giving amount and date of change. An entry covering the adjustment will be made in the adjustment of invoice columns of the voucher register. If the invoice is cancelled the word "Cancelled" and the date of cancellation should be noted against the entry. If an invoice already entered on a *current register and schedule, however,* has to be changed in amount the register should be changed to agree with the invoice as corrected, and a note made of the original amount of the invoice in the "Memo" column; if cancelled leave the number of the invoice as originally entered and draw a line in red ink through the remainder of the entry and write "cancelled" in the "Memo" column, giving the date of cancellation.

When there is such a number of invoices for a month that they cannot be listed on one sheet of the register, take second or third sheets, giving them in the upper left-hand corner the same number and date as that borne by the first. If there is more than one sheet it is well to give the first sheet and each succeeding one consecutive sheet numbers at the upper right-hand corner. When a register and schedule is to consist of more than one sheet leave two lines blank at the bottom of each sheet, and one line at the top of each after the first, for bringing forward totals. At the end of the month total all the columns, bringing forward the footings from sheet to sheet. The combined totals of all the columns to the right of those headed general account, capital account and special and trust account should agree with the combined totals of these three columns. When this agreement is arrived at the register itself is in balance. There is no way of checking from totals the accuracy of the distribution of amounts posted in the columns headed general account, capital account and special and trust account. Consequently special care should be taken in making these entries. It should be seen at the end of the month that the postings are in the proper account columns as called for by the appropriation item numbers noted in the claimants' column.

From the register of invoices and payrolls, the following general journal entries are made:

Expenses—General Account.
Stores—General Account.
Work in Progress—General Account.
Reserve for Repairs—General Account.
Land, Structures, other Improvements and Equipment—Capital Account.
Reserve for Capital Depreciation—Capital Account.
To Invoices and Payrolls Payable—Safety—General Account.
Invoices Payable—Supplies—General Account.
Invoices and Payrolls Payable—Safety—Capital Account.
Invoices Payable—Supplies—Capital Account.

In connection with the above entry it will be necessary in most cases to make another journal

entry in order to keep the debits and credits of the general account and of the capital account in balance, and to show the net amount of inter-account transactions. If there are no special and trust account transactions entering into the above, the amount of the journal entry for the advances is secured by taking the difference between the sum of the general account debits and the sum of the general account credits of the preceding journal entry. If the general account credits exceed the general account debits there has been a net use of general account funds for capital account (permanent improvements) and the amount thereof should be entered in the former of the following alternate journal entries. If the general account debits exceed the general account credits there has been a net use of capital account funds for current purposes, and the amount thereof should be entered in the latter of the following alternate journal entries. In any mixed journal entry, such as the one above where the debits and credits of the general account or of the capital account do not balance (though, of course, the total debits and credits of the whole journal entry must always balance) a collateral entry for advances to and from must be used.

Advances to Capital Account—General Account,
To Advances from General Account—Capital Account.
For general account moneys used for permanent improvements.

or

Advances to General Account—Capital Account,
To Advances from Capital Account—General Account.
For capital account moneys used for current expenses.

The same instructions are applicable to special and trust accounts as are given above for the general account.

4. Register and Schedule of Invoices sent to Department of Supplies.

Invoices for goods or services ordered by the department of supplies for other departments or bureaus in its capacity as purchasing agent are received by the operating department with the goods and, after approval as to quantity and quality, are registered by the operating department as "supplies" invoices in the register of invoices—supplies (see description of register and schedule of invoices and payrolls, page 12).

When these "supplies" invoices are ready for transmittal to the department of supplies, they are to be registered and scheduled in the register and schedule of invoices sent to department of supplies, the form of which is similar to the register and schedule of vouchers (Forms 12 and 12A). These forms can be used simply by striking out the word "vouchers" in the title and inserting the words "invoices to department of supplies."

The monthly journal entries from this register are as follows:

Invoices payable—Supplies—General Account.
Invoices payable—Supplies—Capital Account.
To Invoices sent to Department of Supplies—General Account.
Invoices sent to Department of Supplies—Capital Account.

and

Unencumbered Balance of Appropriations—Supplies—General Fund (column 7).
Unencumbered Balance of Appropriations—Supplies—Loan Funds (column 10).
Reserve for Contracts—Supplies—General Fund (column 5).
Reserve for Contracts—Supplies—Loan Funds (Column 8).
Reserve for Open Market Orders—Supplies—General Fund (column 16).
Reserve for Open Market Orders—Supplies—Loan Funds (column 17).
To Budget Allowance—Supplies—General Fund (total of columns 5, 6 and 7).
Budget Allowance—Supplies—Loan Funds (total of columns 8, 9 and 10).
*Unencumbered Balance of Appropriations—Supplies—General Fund (column 16 minus column 6).
*Unencumbered Balance of Appropriations—Supplies—Loan Funds (column 17 minus column 9).

Any adjustments in invoices that are made after they have been received by the department of supplies may be obtained by the operating department or bureau from the adjustment

*Accounts marked thus * indicate that the estimated or actual amount of the open market orders liquidated was greater than the actual amount of the invoices sent to department of supplies. These accounts may be reversed, that is, become debit entries if the invoices exceed the amount of the orders on which they are based, in which latter case the amount of these adjustments should be combined with the first and second debits of the entry outlined above.

in invoice columns of the schedule copies that it receives from the department of supplies' register of vouchers sent to city controller. A recapitulation of these adjustments must be made monthly, and a general journal entry prepared thereof similar to that for the same columns of the departmental register of vouchers sent to city controller (see below).

5. Register and Schedule of Vouchers Sent to City Controller.

The forms of register and schedule of vouchers (Forms 12 and 12 A) are so designed that the register and the schedule may be made at one writing by means of a carbon sheet. Vouchers should be transmitted with the schedule to the department of city controller. A schedule must accompany each consignment of vouchers to the city controller, even if only one voucher be transmitted at a time. At the end of each month, without fail, all vouchers registered under date of the month closed must have been scheduled to the department of city controller. The controller will thus have the same monthly totals of vouchers drawn as the department drawing them, and the books of both will be kept in constant agreement.

The department of supplies will register in its register of vouchers all vouchers for supplies, etc., which it sends to the city controller, whether purchased for its own use or for other departments. Departments which purchase their supplies through the department of supplies will enter in their register of vouchers only those vouchers which are prepared in their own departments for expenditures incurred by them direct and not through the department of supplies.

In order that there may be constant agreement between the books of the department of supplies and the books of the several departments for which the former department acts as the purchasing agent it will be necessary for the department of supplies to currently inform the other departments of the vouchers passed and transmitted to the city controller for settlement for each department respectively. This will be accomplished by the department of supplies making two schedule copies of each register of vouchers, the first copy for transmission to the city controller with the vouchers and the second for transmission to the department or bureau for which the goods or services represented by the vouchers were purchased, and which has approved the invoices included thereon.

A series of schedule numbers should be established by each department, and these numbers should be inserted at the head of the register and schedule in the space provided therefor. The date of transmittal, which on the schedule is called the "Date of schedule," is also to be noted by the department transmitting the schedule.

The number of the voucher registered will be entered in the column headed "Voucher No." and in the second column will be noted the date of registration, which is the date under which the voucher is charged against the general fund or loan fund appropriation account.

The third column will show the name of the claimant.

In the fourth column under "General, Loan or Special and Trust Item No." will be noted the number of the general fund, loan fund or special and trust fund appropriation account chargeable, or if there is no number, the title of the account may be abbreviated thereunder.

In the six columns under the main heading "amount of voucher," which is divided into "General Fund," "Loan Funds" and "Special Trust Funds," and again sub-divided under each fund into "contract," "o. m. order," and "payroll and miscellaneous," will be entered the audited amount of all vouchers transmitted to the controller for payment. Vouchers issued on contract or open market order will be entered in the respective columns designated under the particular fund from which the vouchers are payable. Vouchers for payroll and miscellaneous purchases or services not received on contract or open market order will be entered in the "Payroll and Miscellaneous" column under "general fund," "loan fund," or "special and trust fund," as the case may be.

The purpose of the columns headed "Invoices or claims" is to take care of adjustments, if any, between the invoices as scheduled to the department of city controller and the invoices as vouchered. It is for adjusting purposes only and in scheduling the voucher, if it has been found necessary in auditing within the department to make any changes either in the amount of the invoice or in the title of the general ledger account (i. e., expense, stores, work in progress, etc.) to which it has been charged, such change should be noted in these columns. Not only should the difference between the amount previously reported on the schedule of invoices and the amount found to be correct after audit, be entered in the "added to invoice" column, but the title of the general ledger account affected should also be noted.

In the column headed "Order No." there will be entered the number of the order covered by the voucher, and in one of the next two columns there will be entered the amount of the order as originally estimated. If the order is chargeable to a general fund appropriation account the amount thereof will be noted in the column "General Fund;" if chargeable to a loan fund item the amount of the order will be entered in the column "Loan Funds." The amount settled by voucher may be more or less than the estimated amount of the open market order liquidated on which the voucher is based. This difference between the amount of the settlement voucher and the amount of the order must be adjusted by journal entry at the close of each month, as found from totals of the register of vouchers.

The totals of the register of vouchers for the month will be entered in ink. These totals will form the basis for the following entries in the general journal to be posted to their respective controlling accounts in the general ledger:

Invoices and Payrolls Payable—Safety—General Account.
Invoices and Payrolls Payable—Safety—Capital Account.
To Vouchers sent to City Controller—General Account.
Vouchers sent to City Controller—Capital Account.

and

Unencumbered Balance of Appropriations—Safety—General Fund (column 7).
Unencumbered Balance of Appropriations—Safety—Loan Funds (column 10).
Reserve for Contracts—Safety—General Fund (column 5).
Reserve for Contracts—Safety—Loan Funds (column 8).
Reserve for Open Market Orders—Safety—General Fund (column 16).
Reserve for Open Market Orders—Safety—Loan Funds (column 17).
To Budget Allowance—Safety—General Fund (total of columns 5, 6 and 7).
Budget Allowance—Safety—Loan Funds (total of columns 8, 9 and 10).
*Unencumbered Balance of Appropriations—Safety—General Fund (column 16 minus 6).
*Unencumbered Balance of Appropriations—Safety—Loan Funds (column 17 minus 9).

6. Register and Schedule of Reductions in Contract Reserves.

The purpose of this register is to provide a complete record of all reductions in contract reserves and to establish totals by means of which the accuracy of the postings to the general fund, loan funds and special and trust funds appropriation ledgers, and the contract ledger may be proved.

A loose leaf form of register is recommended (Form 13) so that the register and a schedule (Form 13 A) may be made at one writing by means of a carbon sheet. As soon as enough entries have accumulated to fill or nearly fill a sheet, the schedule should be transmitted to the department of city controller.

The number of contract reductions in a month may be so small in some departments as to make the use of a register for this purpose appear unnecessary. The form of register recommended, however, is designed to be prepared with the schedule at one writing by means of a carbon sheet. The schedule, therefore, will take the place of the various forms of advice of contract reductions now sent to the controller. The register with the schedule will establish a standard method in all departments of registering and reporting reductions in contract reserves. In some cases, however, it may be necessary for the city controller to require that the schedule be supplemented with a further statement.

In the first column, "Date of Registration," will be noted the date on which the reduction in the contract is registered.

The second column, headed "Department, Bureau, etc.," is designed principally for use in the department of supplies to indicate the departments, bureaus, or offices whose supply items of appropriations, controlled by the department of supplies, are affected by reductions in contracts made by the latter department. It will be necessary for the department of supplies in writing its register and schedule of reductions in contract reserves to make an extra copy of the schedule for transmittal to the department or bureau whose appropriation accounts are affected thereby. The latter department will use its copy of the schedule to reduce its mem-

*Accounts marked thus * indicate that the estimated or actual amount of the open market orders liquidated was greater than the amount of the vouchers sent to city controller. These accounts may be reversed, that is, become debit entries if the vouchers sent to city controller exceed the amount of the orders on which they are based, in which latter case the amount of these adjustments should be combined with the first and second debits of the entry outlined above.

oranda contract accounts and increase its memoranda appropriation accounts. It will also be necessary for it to make a general journal entry for its memoranda "supplies" appropriation accounts similar to that given below for "Safety" appropriation accounts.

In the third column will be noted the item number of the appropriation affected by the reduction in the contract reserves.

In the column under "Contractor" will be entered the name of the individual, firm or corporation whose contract has been reduced, and in the next column will be entered the number of the contract.

Under the main heading "Amount of Reduction" and in the column "General Fund" or "Loan Funds" as the case may be, the amount of the reduction is noted. If the contract reduced is chargeable to a general fund appropriation account, the amount of the reduction will be entered in the "General Fund" column; if the contract reduced is chargeable to a loan fund account, the amount of the reduction will be entered in the "Loan Funds" column.

The nature of the contract, i. e., whether it is for supplies, equipment, construction, etc., will be noted in the last column under this heading.

Before transmitting schedules of reductions in contract reserves they must be certified to and approved by the proper certifying and approving officers in the departments in which the schedules originate. Space for certification and approval is provided at the bottom of the register and the schedule.

The totals of the register of reductions in contract reserves will be entered in ink and will form the basis for the following journal entry:

Reserve for Contracts—Safety—General Fund.
Reserve for Contracts—Safety—Loan Funds.
To Unencumbered Balance of Appropriations—Safety—General Fund.
Unencumbered Balance of Appropriations—Safety—Loan Funds.

7. Register and Schedule of Properties, etc., Transferred or Otherwise Disposed of.

The inter-department invoices for land, structures, non-structural improvements and equipment, as well as any other assets the custodianship of which is transferred from one department or bureau to another (other than services, materials, supplies and equipment which have been charged to inter-departmental services in the distribution upon the register of invoices and payrolls; and materials, supplies and equipment issued from storehouse which have been charged to inter-departmental services through the medium of the monthly report of stores issued) will be registered at cost (book) value in a register of properties, etc., transferred, a carbon copy of which must be transmitted to the department of city controller.

The monthly totals from the register should be journalized as follows:

Inter-departmental Services Rendered—General Account.
To Land, Structures, other Improvements and Equipment—Capital Account.
Stores—General Account.
Work in Progress—General Account.
Expense—General Account.

and

Advances to General Account—Capital Account.
To Advances from Capital Account—General Account.

8. Register and Schedule of Inter-Departmental Services, etc., Received.

This register provides for a current record of all inter-departmental invoices for services, materials, supplies and equipment received from other departments and bureaus, and for such transfers of the custodianship of land, structures, non-structural improvements and other immovable properties belonging to the city as may be made to it.

The monthly totals drawn from this register produce the following journal entry:

Expenses—General Account.
Stores—General Account.
Work in Progress—General Account.
Land, Structures, other Improvements and Equipment—Capital Account.
Accounts Receivable—General Account.
To Inter-Departmental Services Received—General Account.

and

Advances to Capital Account—General Account.
To Advances from General Account—Capital Account.

9. Monthly Report of Stores Issued from Storehouses.

A form of monthly report of stores issued (Form 24) has been prepared on which the various classes of articles or stores ledger accounts may be printed, thereby avoiding the necessity of rewriting the names of the articles in each monthly report. The report will show the amount of stores distributed under each expense classification.

The report of stores issued must be made up monthly from the signed requisitions of supplies issued during a month. In the columns provided on the report form the total quantity and amount of each article issued for the month will be noted under the particular expense classification of each department, the titles of which classification will be entered in the blank space at the head of each column. The charges to the respective expense accounts affected in the expense ledger for stores issued will be made from this monthly report. In the general ledger the controlling accounts, "Expenses" and "Stores," will be debited and credited respectively with the total amount of stores issued for the month. Stores issued to construction work will of course be a charge to a construction rather than an expense account.

The assembling sheets (Form 24 A) will be used in connection with the monthly report of stores issued for assembling by divisions or organization units the stores issued daily during the month to which the report relates.

The monthly report of stores issued from storehouses is journalized as follows:

Expense—General Account.
Reserve for Repairs—General Account.
Accounts Receivable—General Account.
Work in Progress—General Account.
Inter-departmental Services—General Account.
Land, Structures, other Improvements and Equipment—Capital Account.
To Stores—General Account.

and

Advances to Capital Account—General Account.
To Advances from General Account—Capital Account.

10. Monthly Report of Stores Returned to Storehouses.

The monthly report of stores returned to storehouses will be prepared by the storekeeper each month, and will show in summary all stores returned to storehouses by departments or bureaus to which they have been issued on requisition. A form similar to that used for the monthly report of stores will be utilized. The storekeeper will check the goods received and issue a receipt in duplicate, and file the duplicate. The latter is used at the close of month in classifying and preparing the monthly report of stores returned to storehouses. Postings to the stores (debits), expense (credits) and property (credits) detail ledgers should be made from these monthly reports of stores returned to storehouses, for each kind of stores received back.

The general journal entries are as follows:

Stores—General Account.
To Expense—General Account.
Reserve for Repairs—General Account.
Work in Progress—General Account.
Land, Structures, other Improvements and Equipment—Capital Account.

and

Advances to General Account—Capital Account.
To Advances from Capital Account—General Account.

11. Register and Schedule of Reserves for Repairs and Capital Depreciation.

This register provides a means for obtaining currently each month the amounts to be set aside in reserve for repairs and capital depreciation and the amount of the charges to expense for the former and to investment of the city—capital account for the latter. The reserve for capital depreciation will be charged to investment of the city (surplus)—capital account—instead of to expense in view of the provision of the state constitution that requires the payment of all debt from current revenues within thirty years after it is created. The consequent heavy contribution from general account income for the reduction of capital account indebtedness that must be made each year much more than offsets the capital depreciation in the city's property and equipment.

Separate portions of the register will be set aside for the reserve for repairs and the reserve for capital depreciation. The same ruling will do for both portions of the register. In the first column is entered the estimated percentage of the annual reserve for repairs or for capital depreciation, as the case may be. In the second column is entered the monthly proportion of the annual percentage. In the third column is entered the title of the general property and equipment class. The following columns are in twelve groups of two each, there being one group for each month. The first of the two columns in each group is for book valuation (at cost) of the property in each class, as indicated by the class title. The second column is for the amount of the monthly reserve.

The amounts of reserves for repairs should be posted monthly to the credit of the detail reserve for repairs accounts in the reserves for repairs and capital depreciation ledger (for further details, see page 29) and should be debited monthly to the proper detail accounts in the expense ledger. By this method provision is currently made for the repair of properties and equipment, actual expenditures for which are very heavy in some months and very light in others.

The general journal entry for the monthly total of this register for the reserve for repairs is as follows:

Expense—General Account.
To Reserve for Repairs—General Account.

The amount of capital depreciation is similarly extended upon a monthly basis. As capital depreciation is chargeable to investment of the city (surplus)—capital account, no detail debit will be necessary, but detail credit postings will be required to the detail capital depreciation accounts of the reserve for repairs and capital depreciation ledger.

The general journal entry for the monthly total of the reserve for capital depreciation of this register is as follows:

Investment of the City—Capital Account.
To Reserve for Capital Depreciation—Capital Account.

12. Register and Schedule of Revenue Accrual.

The register of revenue accrued is a columnar book in which is recorded all the various revenues accruing to the department or bureau. The form for the register of revenue accrual is similar to that used for the register of depreciation, having wide space for listing the sources of revenue at the left, and a column for total yearly revenue accrued. To the right will be columns for each month to which can be extended for journal entry purposes the monthly proportions of revenue accrued. The monthly journal entry for revenue accruals is:

Receiver of Taxes—General Account.
Revenues Accrued, not due—General Account.
Accounts Receivable—General Account.
To Revenue, 191....—General Account.

CHAPTER IV

DESCRIPTION AND USE OF DETAIL LEDGERS.

THE purpose of the detail ledgers is to state in detail the transactions pertaining to every subject concerning which information is needed. The number and classification of the accounts in the detail ledgers depends on the number and classification of the subjects, concerning which administrative judgment is required. The accuracy of the postings to the several detail ledgers should be proven monthly by checking the monthly schedules of balances and totals thereof (Chapter VI) to the respective controlling accounts in the general ledger.

By general classes, the detail ledgers used will be as follows:

1. Appropriation ledgers.
   a. General fund.
   b. Loan funds.
   c. Special and trust funds.
2. Contract ledger.
3. Claimant's ledger.
4. Expense ledger.
5. Stores ledger.
6. Work in progress ledger.
7. Property ledger.
8. Reserve for repairs and capital depreciation ledger.
9. Revenue ledger.

1. Appropriation Ledgers.

a. General Fund.

The general fund ledger of each department will contain an account with each appropriation, other than those provided from loan funds or special and trust funds, in which the department has an interest. Each account will show every transaction affecting it; each account will show not only the amount appropriated, but the contracts awarded, the open market orders issued, and the vouchers drawn against the authorization to spend indicated in the title. Each account will show the balance unexpended and the balance unencumbered.

The general fund ledger (Form 20) may be provided either in a loose leaf or a bound book. The amounts of the budget allowance will be the first entries made in the ledger, space at the top of the ledger sheet being provided for this purpose, the amount of the appropriation being entered in the first "amount" column to the left. Additional appropriations and transfers will be entered in the "Amount" column as they are subsequently authorized, the date of each authorization being noted in the date column, and the character of the appropriation in the "Memo" column. In opening a new appropriation ledger at the beginning of a year, the non-merging balance of each appropriation of the previous year should be carried forward marking in the "Memo" column "Books of 191—."

By columnar arrangement the front of the ledger page is divided into contract encumbrances and open market order encumbrances; the reverse side of the page is provided for expenditures. For those departments which may have a large number of expenditure items chargeable against a particular item of appropriation in excess of the available space provided on the reverse of the encumbrance ledger sheet, extra sheets (Form 20 A) are designed with the expenditure ruling on both sides for insertion after the encumbrance sheet.

As each contract against a general fund appropriation is awarded and entered in the register of contracts, the amount of the award will be posted in the "Amount" column of the page carrying the account of the appropriation item affected under the general caption "Contract Encumbrances," the date of the award and the number of the contract being also noted in the respective columns thereunder. Reductions and cancellations made subsequently in contracts will first be entered in the register of reductions in contract reserves and the amounts thereof entered in the column "Deduct

Reductions in Contracts" under the caption "Contract Encumbrances" of the appropriation item account affected.

Open market orders issued chargeable to general fund appropriation accounts will first be registered in the register of orders, and the amount thereof will be posted in detail in the column "Estimated Amount" of the general fund appropriation ledger under the general caption of "Open Market Order Encumbrances," the dates and order numbers being entered in the respective columns thereunder. Differences, if any, between the amount of an open market order as issued and the amount of a voucher liquidating the order will be entered in chronological order in the columns "Add" and "Deduct" under the sub-title "Adjustments" of the general caption "Open Market Order Encumbrances." The latter caption has been subdivided into two sections of duplicate columns for open market order amounts and adjustments. Postings under this caption will be entered in the first section to the left, and when the section is filled, continued therefrom to the second section on the right.

It has been estimated that on an average the number of open market order encumbrances posted in a year to an appropriation account will be almost twice the number of contract award items posted during the same period. Departments using the bound book form of ledgers will have to exercise some judgment in this matter at the time of opening their books for a new fiscal year. If sufficient space is not available on a ledger page for all the entries posted in a year to a particular appropriation item thereon, extra pages immediately following the first page of the appropriation item should be allowed for that purpose. All the ledger pages relating to one appropriation account would thus be kept together rather than scattered through the ledger. Departments using the loose leaf form of ledger may insert additional ledger sheets as required.

After expenditure vouchers have been registered in the register of vouchers they will be entered in the appropriation ledgers in the particular account affected under the general caption of "Expenditures."

In the first column will be noted the date of registration or the date the voucher becomes a charge against the appropriation, the warrant number and the order number on which the expenditure is based, being entered on the same line with the date in the next two columns, in their order.

The name of the payee or claimant will be entered in the column headed "In Whose Favor."

In the column headed "For What" will be noted short particulars as to the nature of the articles or services covered by the voucher.

In the three columns under the sub-caption of "Audited Vouchers, Adjustments and Cancellations" will be entered the amounts of expenditure vouchers drawn in payment of contracts or contract orders, open market orders, payroll and miscellaneous. Vouchers drawn in payment of contracts or contract orders will be entered in the "Contract" column, vouchers drawn in payment of open market orders will be entered in the column of that heading, and vouchers drawn in payment of payrolls and miscellaneous claims will be entered in the column "Payroll and Miscellaneous."

In the last column with the heading "Amount" under the sub-title "Unencumbered Balance of Appropriations" will be noted the balance unencumbered, i. e., the balance remaining in an appropriation over and above the total amount of contracts awarded, open market orders issued, and payroll and miscellaneous expenditures made. The date for which this balance is determined will be indicated in the date column alongside of the amount.

The sum of the totals for the month of all amounts entered in the "Amount" column under "Contract Encumbrances" for all the general fund appropriation accounts will agree with the total amount of general fund contracts registered, as per monthly summary of the register of contracts, and this agreement should be effected at the end of each month before the monthly total is journalized for entry in the general ledger.

The sum of the totals drawn from the column "estimated amount" under the caption "Open Market Order Encumbrances" for all the general fund appropriation accounts will agree with the total of the column entitled "Open Market" under "General Fund" in the register of orders, and this agreement should be effected at the end of each month as a proof of the accuracy of the bookkeeping work before the monthly total of the register of general fund open market orders issued is journalized for entry in the general ledger.

It will be seen that the difference at any time between the total of the amount

column under "Contract Encumbrances" and the total payments on account of contracts as indicated in the column entitled "Contracts" under "Expenditures," minus the reductions in contracts, will be the amount of the contingent liability on contracts unvouchered; and similarly the difference at any time between the total of the column entitled "Estimated Amount," under the caption "Open Market Order Encumbrance," and the total of vouchers drawn in payment thereof ("Open Market Order" column under "Expenditures"), plus or minus the adjustments, will be the amount of outstanding open market orders unvouchered.

The total of the columns entitled "Contract," "Open Market Order," and "Payroll and Miscellaneous" under the caption "Expenditures" deducted from the total appropriations (as adjusted by transfers to and from) will show at all times the *unexpended* amount of each general fund appropriation account; and to ascertain the balance available in each appropriation, for further contracts, open market orders and payroll and miscellaneous payments, it is only necessary to deduct from this *unexpended* balance the balance of contracts and open market orders *unvouchered.* This same result may be secured, however, in another way by deducting from the total appropriations (as adjusted by transfers to and from) the sum of the totals of the "Contract Encumbrance," and "Open Market Order Encumbrance" and "Payroll and Miscellaneous" expenditure columns of the ledger. The balance thus obtained is known as the "unencumbered balance of the appropriation."

The sum of the total expenditures posted each month in detail in the columns entitled "Contract," "Open Market Order," "Payroll and Miscellaneous" in *all* general fund appropriation accounts must agree with the monthly totals of the several sections of the register of vouchers, and this agreement should be effected at the end of every month.

As explained previously herein, no postings of *contract* orders issued will be made from the register of orders to the appropriation ledgers. Therefore there will be no adjusting entries in these ledgers for differences between the amount of a voucher and the amount of a contract order as issued. The ultimate purpose in the columnar arrangement of the appropriation ledger is to show the *balance unexpended* and the *balance unencumbered.* In the case of contracts this purpose is attained by posting to the respective appropriation accounts the amount awarded for each contract. These entries serve to establish the contract encumbrance against appropriations regardless of subsequent orders issued against those contracts. Only contract reductions, cancellations or voucher payments on account of contracts will affect the amount of contract encumbrances. The procedure for such entries is treated in the foregoing.

In the case of open market orders, however, the only encumbrance against appropriations is the estimated or actual amount of the order as issued. If, therefore, subsequent adjustment is necessary between the estimated amount of an order and the voucher payment the amount of adjustment must be shown in the appropriation account affected, in one of the columns "Add" or "Deduct" under the general caption of "Open Market Order Encumbrances," in order that each account may show the correct amount of open market order encumbrances. These adjustment amounts will be found by taking the difference between each voucher amount and the amount of the order liquidated by the voucher and posting the difference as directed. The proof of the accuracy of the individual adjustments in a month may be determined at the end of the month by comparing the net additions or deductions, as shown in all the appropriation accounts with the net additions or deductions, as shown by the register of vouchers. The general ledger controlling accounts affected by such adjustments in open market orders are adjusted at the close of a month by journal entry from the register of vouchers, as explained in the foregoing remarks on the register of vouchers.

If a voucher has been decreased in amount or cancelled after it has been transmitted to the city controller, the department in which the voucher originated should be notified by the city controller (a new warrant drawn if necessary) and the amount of the decrease or cancellation should be noted in either the "Contract," "Open Market Order" or "Payroll and Miscellaneous" column under "Expenditures" of the appropriation account affected (in red ink); and if an open market order voucher the amount of reduction must be indicated in the "Deduct" column under "Open Market Order Encumbrances." This entry will decrease the total amount of vouchers charged against the appropriation account. At the end of each month the advices from the city controller's office of voucher adjustments should be summarized and an entry of the

totals thus secured prepared for the general journal, debiting vouchers sent to city controller (general account, capital account or special and trust account) and crediting expenses or other proprietary controlling accounts affected, at the same time one of the following collateral fund entries will be made for the same amount according to the class to which the voucher decreased or cancelled belongs:

1. If a Payroll and Miscellaneous Voucher or Open Market Order Voucher:
   Budget Allowance (General, Loan or Special and Trust Fund).
   To Unencumbered Balance of Appropriations (General, Loan or Special and Trust Funds).
2. If a Contract Voucher:
   Budget Allowance (General, Loan or Special and Trust Funds).
   To Reserve for Contracts (General, Loan or Special and Trust Funds).

In the case of advices from the city controller's office of voucher adjustments to the department of supplies, instead of crediting expense or other proprietary controlling accounts, as indicated above, the department of supplies will credit "Invoices Received from Departments and Bureaus." Its fund entries are similar to those above.

The operating department or bureau whose accounts are thus affected, however, will journalize *its* copy of the advices of the city controller's voucher adjustments by crediting expense or other proprietary controlling accounts affected as noted above for advices of city controller's adjustments in its own departmental vouchers and will use the fund entries noted above. These adjustment journal entries are all based upon the assumption that the adjustments are reductions; if, however, the adjustments amount to a net increase, all of the above adjustment entries should be reversed as to debits and credits.

Similarly the particular accounts affected in the contract ledger and the claimants' ledger respectively will have to be changed to correspond with any adjustments made in the appropriation accounts for contract voucher or open market order voucher reductions. Red ink entries of the reductions will be made in the "vouchers" column and black ink entries in the "adjustments" columns of the contract and the claimants' ledgers, and in the case of open market order vouchers a red ink entry would also be necessary in the "Amount" column under "Orders liquidated" in the claimants' ledger.

If the month's record in the voucher register containing the original entry of the altered or cancelled voucher has not been closed, the proprietary or fund general journal entries may be dispensed with by making a current entry for the amount of the adjustment in red ink in the voucher register. The various adjustment entries in the detail ledgers as described above, would still have to be made, however, as the original amount of the voucher would have been previously posted thereto before it was sent to the city controller's office for audit and settlement.

The following agreements should be effected at the end of each month between the general ledger controlling accounts and the schedules of balances of the several detail ledgers. The schedule of balances of "Open Market Order Encumbrances" of all accounts in the general fund appropriation ledger should agree with the credit balance of "Reserve for Open Market Orders—general fund" in the general ledger. Likewise the total of the unvouchered balances of "Contract Encumbrances" of all accounts in the general fund appropriation ledger should agree with the credit balance of "reserve for contracts—general fund" in the general ledger, and should be supported by a schedule of contract balances prepared from the contract ledger. The total of all unencumbered balances in the general fund appropriation ledger should agree with the credit balance of the general ledger account entitled "Unencumbered balance of appropriations—general fund." These agreements are proofs of the correctness of the several records mentioned, and should be effected not less frequently than once a month; schedules of balances of the general fund appropriation ledger and the other detail fund ledgers should be taken off at the end of each month for this purpose.

Appropriation accounts for salaries and wages will be opened in the appropriation ledgers in the same manner that accounts for other than salaries and wages are opened. In such cases, there being no contract or open market order encumbrances, the columns provided for recording such details in the appropriation ledgers will remain blank, and only the appropriation and expenditure columns therein will be used to record vouchers passed for salaries and wages. Where a loose leaf appropriation ledger is used, it may be found practical in large departments and bureaus to have some sheets ruled solely

for expenditures for use with salary and wage appropriation items, whereas others can be ruled for encumbrances as well as expenditures.

b. **Loan Funds.**

The loan fund appropriation ledger (Form 20) should contain an account with each appropriation made from loans showing the amount made available through appropriation or transfer, the contracts awarded, the open market orders issued, the vouchers drawn against the same, and the unexpended and the unencumbered balance.

The form and method of using the loan fund ledger is the same as that described in the foregoing for the general fund ledger.

The sheets for the general fund and loan fund ledgers respectively may be kept in two separate ledger binders, or they may be kept in one binder with two separate sections indicated by a dividing sheet with a tab. Appropriations from temporary loans will be considered as general fund appropriations and entered in the general fund appropriation ledger rather than in the loan fund appropriation ledger, for the reason that temporary loans are of very short duration—not over four months; are used generally to meet current expenses of the city, and are usually repaid out of general fund appropriations of the succeeding year.

c. **Special and Trust Funds.**

The special and trust funds appropriation ledger should be kept in the same manner as the general fund and loan fund ledgers, upon sheets of the same ruling, and in most cases it will be best practice to keep it in the binder with the general fund and loan fund appropriations, using a tab to separate the sheets from those of the two other ledgers.

2. **Contract Ledger.**

The contract ledger will contain an account with each contract awarded, the quantity, price and amount of each line of goods or services included within the contract, the quantity and amount ordered, the quantity and amount delivered, the invoices vouchered for payment, the balance not ordered, and the balance of the contract which has not been vouchered.

The left-hand page of the contract ledger (Form 21) provides for a complete record of the contract, the printed form at the head indicating the particulars that are to be recorded.

Under the head of "Accounts chargeable" will be noted the several general fund, loan fund or special and trust fund accounts affected, and in the "Total" column the amount of the contract, chargeable to each. The four blank columns immediately following the word "total" may be used for making an analysis of the contract amount by organization units or other classifications. Reduction or cancellation of the amount of a contract will be noted in red ink in the "Total" column.

As orders are issued against a contract they will be entered under the head of "Orders issued," with the date, number and estimated amount. Two blank columns are provided in the block headed "Orders issued" which may be used to analyze the orders according to organization units or other classification.

Under the head of "Vouchers" will be entered the date, number and amount of voucher, and on the same line under the head of "Adjustments" will be noted the difference between the original order and the amount of the voucher. On the same line, under "Orders liquidated," will be noted the original amount of the order covered by the voucher. It is not contemplated that the voucher will be entered on the same line as the *original* entry of the order in the column to the left. The "Per cent Retained" column is provided for noting therein the amount of any contract payment retained in accordance with the terms of the contract. When a retained payment is vouchered, the voucher will be entered in the register of vouchers in the same manner as other vouchers.

The difference between the total of "Orders issued" and the total of "Orders liquidated" will show at all times the amount of orders unvouchered.

The right-hand page of the contract ledger (Form 21 A) provides for the details of the articles or services contracted for. Following the caption "Articles or services" will be entered the name of each article included in the contract. In the columns opposite the words "Unit of measure" will be indicated the unit of measure of each article mentioned in the contract; for instance, if the article is "eggs" the unit will probably be "dozen," and opposite "Unit price" will be shown the price per dozen. Opposite the "Line number" will be shown the number of the line in the contract, and opposite "Quantity" will be shown the quantity specified in the contract.

As orders are issued and entered on the left-hand page of the contract ledger, a record of the quantity of same will also be made on the right-hand page according to the article in the colums headed "Ordered." When goods are received they will be noted against their proper order in the columns headed "Received." This record will thus show at all times the quantity ordered of a given article, the quantity received, and the balance that may yet be ordered of that article.

The accounts in the contract ledger may be arranged alphabetically by names of contractors or in any other manner adapted to the requirements of departments.

3. Claimant's Ledger

The claimant's ledger for departments will contain an account with each vendor or tradesman who has received orders (not under contract) for the delivery of goods or the rendering of service, and will contain a detailed record of each order issued, each invoice vouchered and the balance not vouchered for payment.

This book (Form 22) admits of entering the date, number, particulars and the estimated cost of each order. The column headed "Memo" may be used to note information as to the dates of invoices, etc. As vouchers are drawn they will be entered under the head of "Vouchers," but no attempt should be made to enter a voucher on the same line on which the order was originally entered. If the voucher amount differs from the estimated amount of the order, the difference, plus or minus, is noted under the head of "adjustments" on the same line as the voucher amount. Under the caption of "Orders liquidated," and on the same line as the voucher entry, will be shown the amount of the order as originally entered. The difference then between the accumulated total of the orders originally entered and the accumulated total of the orders liquidated will be the amount of orders unvouchered, and the total of the schedule of balances for all claimants' accounts will agree with the credit balance of "Reserve for open market orders" in the general ledger.

4. Expense Ledger (Forms 25 and 25 A).

Expenses are (1) the accrued costs, paid or payable, of the services, rents, supplies and materials and parts obtained by or for the city for administration of its affairs or the maintenance and operation of its business undertakings; and (2) the losses incurred by it in such maintenance and operation.

Administration Expense is the cost of direction and control (including salaries and wages, services other than personal, materials, supplies, etc.), which is not directly allocable to operation, maintenance or capital outlays. These expenses only apply to departments or offices which are wholly executive or administrative in their functions. Such offices are those of the mayor, the directors of the executive departments of the city, and the county offices.

Operation Expense is the ordinary running expenses of the city government (including salaries and wages, services other than personal, materials, supplies, etc.) incident to the cost of conducting the current services performed by the city.

Maintenance Expense is the cost incurred for repairs, and other current upkeep (including salaries and wages, services other than personal, material, supplies, etc.), for the preservation of municipal properties. The reserve for replacements is to be charged currently to "investment of the city (surplus)—capital account" (see page 18, last paragraph).

Fixed Charges are the costs incurred for purposes specifically provided by law or which are of a fixed nature, such as interest, sinking fund payments, rents, insurance and taxes paid to other civil divisions.

Other Expenses are the costs incurred, if any, for expenses of a miscellaneous nature that are not chargeable to any of the specific expense headings named above. Among the expenses to be classified under other expenses are: (1) educational and general welfare grants and contributions; (2) subsidies and bounties; (3) burial expenses; (4) gratuities; (5) pensions and retirement salaries; (6) losses.

For purposes of administration and budget making an expense ledger is one of the most important records of a department, since it enables officials to obtain an accurate and well classified statement of the monthly cost of operating each function or activity undertaken or performed.

The elements of expense to be recorded in the expense ledger are: (1) invoices and payrolls directly chargeable to expense; (2) stores issued; (3) work in progress distributed; (4) inter-departmental services received; (5) reserve for repairs.

Invoices and payrolls chargeable to expense should be posted to their respective accounts in the expense ledger in accordance with the expense classification, such posting to

be made immediately after entry of the invoice or payroll in the register of invoices and payrolls. Where stores are kept and issued on requisitions and the number of requisitions in each month is small, the amount of each requisition will be posted in detail in the expense ledger. If the stores requisitions are very numerous, the postings to the expense ledger should be made from the monthly report of stores issued, which statement should be made in accordance with the expense classification, so that there will be a single monthly entry in the expense ledger to each expense sub-account for which stores have been issued during the month. Stores returned to storehouse after having been issued on requisition should be credited to the respective expense accounts to which they have previously been charged. Completed work in progress of an expense nature should be taken into the various accounts affected in the expense ledger. These entries are made from the work in progress ledger. Services or materials received from another department should be posted from the interdepartmental invoices to the various accounts in the expense ledger chargeable therewith, providing such work or materials are of an expense nature. If they are of the nature of permanent improvements and equipment, or for stores, they would be posted to the property or stores ledgers.

The reserve for repairs to property and equipment in the custody of a department or bureau should be distributed to the various expense accounts from the register of reserves for repairs and capital depreciation. The form of the expense ledger provides an account for each sub-account of the expense classification, and thus furnishes the necessary analysis of expenses incurred. Few, if any, credits are posted to this ledger, as all of the accounts are normally debits, so that single columns are provided for each account. The few credits entering into this ledger are entered in red ink in the debit columns.

A schedule of balances and totals should be taken from the expense ledger monthly and should agree in total with the balance of the controlling account "expenses" in the general ledger, thereby proving the accuracy of the month's postings to the expense ledger.

Below is presented an outline classification of expenses, together with symbol letters for the same for the bureau of correction of the department of public safety as an illustration of the classifications of expenses to be used by the various departments and bureaus in connection with the expense ledger:

P—DEPARTMENT OF PUBLIC SAFETY (P—Protection).
C—BUREAU OF CORRECTION (C—Correction).

Functions or Activities.

G	General Services:
GC	Administration (C—Executive Control).
GA	Accounts and records.
GB	Care of buildings and grounds.
GH	Heat and power plant.
GS	Store department.
GT	General stables (T—Transportation).
P	Care and Support of Prisoners:
PG	Guarding and housing prisoners.
PM	Medical care of prisoners.
PF	Feeding prisoners
PK	Clothing prisoners.
PT	Transportation of prisoners.
PJ	Janitorial service.
M	Manufacturing and other production.
MW	Manufacturing gas and by-products.
MK	Manufacturing clothing and shoes.
MT	Manufacturing tinware.
MS	Quarrying stone and gravel.
ML	Laundering.
MB	Blacksmithing.
MF	Farming.

Characters of Expense.

--X	Operation.
--Y	Maintenance.

Objects of Expense.

---A	Personal service.
---B	Services other than personal.
---C	Materials.
---D	Supplies.
---J	Contributions, interest, etc.
---K	Pensions, etc.
---L	Losses and contingencies.

DETAIL EXPLANATION OF FUNCTIONAL CLASSIFICATION (on previous page).

Detention of Petty Offenders (General Function).

Symbol.	
G	General Service.
GC	Administration. Includes expenses of superintendent's and warden's offices and apartments.
GA	Accounts and Records. Includes expenses of bookkeeping and statistical work.
GB	Care of Buildings and Grounds. Includes expenses of carpenter, painter, stonemason, plumber and tinsmith.
GH	Heat and Power Plant. Includes expenses of engineer and fireman.
GS	Store Department. Includes expenses of storekeeper.
GT	General Stables. Includes expenses of house stables.
P	Care and Support of Prisoners.
PG	Guarding and Housing Prisoners. Includes expenses of captain, lieutenant, guards, matrons, moral instructor, organist and bed and bedding.
PM	Medical Care of Prisoners. Includes expenses of physician, nurses and apothecary.
PF	Feeding Prisoners. Includes expenses of kitchen and bakery.
PK	Clothing Prisoners. Includes expenses of finished artieles (clothing and shoes and repairs.)
PT	Transportation of Prisoners. Includes expenses of travel of officers and guards and moving prisoners.
PJ	Janitorial Service. Includes expenses of labor and supplies used in cleaning.
M	Manufacturing and Other Production.
MW	Manufacturing Gas and By-products. Includes cost and expenses of manufacturing of gas and by-products.
MK	Manufacturing Clothing and Shoes. Includes cost and expenses of manufacturing clothing and shoes.
MT	Manufacturing Tinware. Includes cost and expenses of labor and material in manufacturing tinware.
MS	Quarrying Stone and Gravel. Includes cost and expenses of operating quarry and gravel pit.
ML	Laundering. Includes cost and expenses of operating laundry.
MB	Blacksmithing. Includes cost and expenses of blacksmithing.
MF	Farming. Includes cost and expenses of farming and gardening.

5. Stores Ledger (Form 23).

The introduction of stores ledgers in all departments will be required whenever supplies and materials are handled in such quantities as to render necessary the keeping of stores accounts.

It is desired to have all accounting forms and reports uniform in all departments, but it will not be insisted upon to change at once existing forms of stores ledger which may be meeting the requirements of particular departments. Such changes may be made at a later date following the installation of the other departmental accounting forms. But all departments that carry stores of materials and supplies must keep a stores ledger.

With the introduction of stores ledgers, inventories should be taken at the beginning of each year, or more frequently if desired, and schedules of balances and totals of these ledgers prepared at the end of each month in order that the stores balances, as shown in the ledgers, may be proved to the controlling account "Stores" in the general ledger. The accuracy of the stores ledger will thereby be subject to the double check of trial balance and inventory control. The total of charges to "Stores" account in the general ledger is to be established through the invoices; the total of credits to "Stores" is to be established through signed requisitions and storekeepers' reports; and the balance of "Stores" is to be checked both by inventory and schedule of balances and totals.

6. Work in Progress Ledger.

The purpose of the work in progress, or job, ledger is to keep separate accounts for showing the cost of any work in the nature of maintenance or of extensions (improvements) for which it is thought useful to have available at any time the detailed cost to date. It provides a separate account for each job in progress. The accounts in the work in progress, or job, ledger are posted from the original documents, payrolls, invoices, requisitions on stores (or monthly reports of stores issued), etc., similar to the method of posting the expense and property ledgers. The ruling of the work in progress, or job ledger, is similar to that of the expense ledger. As practically all the entries are debits, a single column is sufficient for each account. About the only credits to the work in progress ledger are adjustments and entries transferring the balances of these accounts to the expense ledger or the property ledger. Distribution of work in progress is obtained by posting from the monthly report of work in progress completed. Accounts showing debit balances are those which have not yet been distributed.

A schedule of balances should be taken from the work in progress ledger monthly and should agree with the controlling account "work in progress" in the general ledger, thereby proving the accuracy of the month's postings in the work in progress ledger.

7. Property Ledger.

Outlays are the accrued costs, paid or payable, for lands, structures, non-structural improvements and equipment, including all properties of a more or less permanent character, and thus available for continuing use, which are obtained or used by the city in the exercise of its governmental functions, or in connection with the business undertakings conducted by it.

The property ledger provides for a detailed analysis of the land, structures, non-structural improvements and equipment of the department or bureau in accordance with the uniform property classification. It provides a sub-account for each heading of the property classification. To open the property ledger an inventory of all land, structures, non-structural improvements and equipment should be taken at cost value and classified according to the property classification mentioned above. This grouping should be by: (1) department or bureau charged with the property, by (2) functional use of the property, and by (3) kind of property. The sub-divisions or accounts of the last group, viz., kind of property, will be found in the city's property code established by the city controller's office. There should be posted to the respective accounts of the property ledger direct from the distribution of expenditures on the invoices and payrolls any expenditures for the acquisition of property or equipment other than replacements, which are chargeable to investment of the city (surplus)—capital account.

The form of the property ledger is similar to that of the expense ledger. The sub-accounts being all debits, single columns are provided, and if there are any credit entries they should be made in red ink in the debit columns. Property and equipment that might occasionally be disposed of would be about the only credits in the property ledger.

A schedule of balances of the property ledger at the close of each month would show the amount of property and equipment on hand, and should prove to the controlling account "land, structures, other improvements and equipment" in the general ledger. The schedule of balances and totals of the property ledger should be verified from time to time by checking it with an actual inventory of property and equipment.

8. **Reserves for Repairs and Capital Depreciation Ledger.**

This ledger provides for a detailed analysis by classes of property and equipment of the reserves set aside each month for repairs and for capital depreciation. These reserves should not be figured on each property account, but upon classes of property and equipment so grouped that all property similar in nature having the same estimated rate for cost of repairs or cost of replacement will be in the same class. The register of reserves for repairs and capital depreciation furnishes the monthly amounts of the reserves to be set aside for each class of property and equipment.

The debits, as well as the credits to the accounts in this ledger, being fairly numerous, the ordinary ledger ruling is probably best adapted to its requirements. Two accounts should be opened for each class of property, one being for reserve for repairs and the other for reserve for capital depreciation.

Each account heading should show (1) the title or other designation of the property class; (2) the total cost value of the property in that class; (3) the estimated required percentages of reserve for repairs or for capital depreciation (in the one account, this percentage being for the reserve for repairs, and in the other for capital depreciation). Changes in the total cost value of the property in each class are to be noted in total each month by taking from the property ledger the total acquisitions and dispositions, together with any adjustments and by extending the resulting new balance.

The accounts in this ledger should be credited respectively with the monthly reserves as determined by means of the register for repairs and capital depreciation. Expenditures for repairs are to be debited to the reserve accounts for repairs, and expenditures for replacements are to be debited to the reserve accounts for capital depreciation. Any credit balances in the reserves for repairs accounts represent the excess of the reserves set aside for repairs in accordance with the estimated rates thereof over and above the actual expenditures for repairs. Actual repairs are made more or less irregularly as needed. The reserves for repairs account makes possible the charging of an average amount to expense for repairs in each accounting period. It thereby makes a more even distribution of repairs to expense and guards against the necessity of charging extraordinarily heavy repairs to expense in any accounting period. Any credit balances in the capital depreciation accounts represent reserve for future replacements to offset capital depreciation that has taken place.

In some of the smaller departments and bureaus, where the property classification is not an extensive one, it may be found practicable to keep the reserves for repairs and capital depreciation ledger in the back of the property ledger, although the single column ruling of the property ledger would necessitate a considerable number of red ink entries, the debits as well as the credits being quite numerous in this ledger. Numerous changes in the balances of property in each class would also cause difficulty in using the property ledger ruling.

A schedule of balances and totals should be taken from this ledger monthly, and should agree with the balances of the controlling accounts "reserve for repairs—general account" and "reserve for capital depreciation—capital account" in the general ledger, thereby proving the accuracy of the postings to this ledger.

9. **Revenue Ledger.**

The ruling of the revenue ledger is similar to that of the expense ledger, one important distinction being that all of the sub-accounts are credit accounts, whereas in the expense ledger all of the sub-accounts are debit accounts. Debits to the revenue ledger are as rare as credits to the expense ledger, so that a single column for each sub-account is usually sufficient, the few debit entries arising being made in red ink in the credit columns.

Sub-accounts are opened in the revenue ledger in accordance with the revenue classification, the purpose of this ledger being to provide the most useful and instructive classification of the revenues of a department or bureau. Postings to the revenue ledger are made from the bills rendered or other documentary evidence of the accrual of revenue.

A schedule of balances should be taken from the revenue ledger monthly, and should agree in total with the balance of the controlling account revenue in the general ledger, thereby proving the accuracy of the month's postings to the revenue ledger.

CHAPTER V

DESCRIPTION AND USE OF GENERAL LEDGER, GENERAL JOURNAL AND GENERAL JOURNAL ENTRIES.

General Ledger.

THE general ledger is a record to be used for purposes of administrative and accounting control. Its accounts enable the bookkeeper to prepare summary statements showing financial condition, operating results and condition of funds. Information in detail supporting many of the accounts of the general ledger is obtainable from the schedules of balances of the various detail ledgers. The accounts carried on the general ledger are mainly accounts controlling subsidiary ledgers. These accounts contain totals and balances to which the totals and balances of each subsidiary ledger must prove. The general ledger should be kept by the person who is responsible for the administration of the accounts of the department or bureau and for the accuracy of the postings, footings and balances in the subsidiary ledgers. The totals of the general ledger being independently arrived at, the book is a device for holding each clerk responsible for competent and faithful service. The method employed for obtaining these totals and balances independently is to take the postings from the totals of the registers in which the documents representing transactions are recorded, while the subsidiary ledgers are posted independently from the documents. Assuming that the entries and footings are correct, therefore, the totals and balances of a general ledger account represent the totals of the schedule of balances and totals of a subsidiary ledger.

Standard Accounts for the General Ledger of an Operating Department or Bureau (a Bureau in the Department of Public Safety Used as an Illustration).

PROPRIETARY ACCOUNTS.

GENERAL ACCOUNT.

Debit Accounts.

(1) Cash and cash items.
(2) Accounts receivable.
(3) Stores.
(4) Work in progress.
(5) Crop of 191.....
(6) Manufactured goods.
(7) Revenues accrued, not due.
(8) Unaccrued expenses.
(9) Advances to capital account.
(10) City Treasurer.
(11) Receiver of Taxes.
(12) Expenses.
(13) Operation account (closing).

Credit Accounts.

(14) Invoices and payrolls payable—Safety.
(14A) Invoices payable—Supplies.
(15) Invoices sent to department of supplies.
(16) Vouchers sent to city controller.
(17) Advances from capital account.
(18) Reserve for repairs.
(19) Expenses accrued, not due.
(20) Unaccrued revenues.
(21) Investment of the city.
(22) Revenues.

CAPITAL ACCOUNT.

Debit Accounts.

(23) Cash and cash items.
(24) Work in progress.
(25) Land, structures, other improvements and equipment.
(26) Advances to general account.

Credit Accounts.

(27) Invoices and payrolls payable—Safety.
(27A) Invoices payable—Supplies.
(28) Invoices sent to department of supplies.
(29) Vouchers sent to city controller.
(30) Advances from general account.
(31) Reserve for capital depreciation.
(32) Investment of the city.

SPECIAL AND TRUST ACCOUNTS.

Debit Accounts.

(33) Cash and cash items.
(34) Accounts receivable.
(35) Securities and other personal properties in trust.
(36) Land, structures, other improvements and equipment.

Credit Accounts.

(37) Deposits.
(38) Invoices payable.
(39) Vouchers sent to city controller.
(40) Reserves for trust beneficiaries.

FUND ACCOUNTS.

GENERAL FUND.

Debit Accounts.

(41) Budget allowance—Safety.
(42) Budget allowance—Supplies.

Credit Accounts.

(43) Unencumbered balance of appropriations—Safety.
(44) Unencumbered balance of appropriations—Supplies.
(45) Reserve for contracts—Safety.
(46) Reserve for contracts—Supplies.
(47) Reserve for open market orders—Safety.
(48) Reserve for open market orders—Supplies.

LOAN FUNDS.

Debit Accounts.

(49) Budget allowance—Safety.
(50) Budget allowance—Supplies.

Credit Accounts.

(51) Unencumered balance of appropriations—Safety.
(52) Unencumbered balance of appropriations—Supplies.
(53) Reserve for contracts—Safety.
(54) Reserve for contracts—Supplies.
(55) Reserve for open market orders—Safety.
(56) Reserve for open market orders—Supplies.

SPECIAL AND TRUST FUNDS.

Debit Accounts.

(57) Budget allowance—Safety.
(58) Budget allowance—Supplies.

Credit Accounts.

(59) Unencumbered balance of appropriations—Safety.
(60) Unencumbered balance of appropriations—Supplies.
(61) Reserve for contracts—Safety.
(62) Reserve for contracts—Supplies.
(63) Reserve for open market orders—Safety.
(64) Reserve for open market orders—Supplies.

General Journal.

The general journal is the medium through which the general ledger is posted.

The amounts for the standard monthly entries in the general journal are obtained in practically every instance from monthly totals of the various registers. In cases where transactions affecting the general ledger do not belong to a class that is sufficiently numerous to require a register, the general journal entry is made direct from the document or other evidence showing the particulars of the transaction and the amount involved. Some of the standard journal entries will probably be found to be inactive during certain months by some departments and bureaus owing to no transactions of the class represented by a particular journal entry occurring during the month. Also, certain portions of some of the journal entries will be inactive in some months owing to there being no transactions affecting those portions although other portions of the journal entry are active.

In cases of this kind, when working with printed journal entries, the entire journal entry should be ruled out in any month that it is inactive, and any inactive accounts of an active journal entry should be similarly ruled out.

As soon as the monthly journal entries are determined these are to be entered in a bound book or on loose leaves kept in a loose leaf binder. It is believed that it will be found desirable for each department and bureau to have printed its standard monthly journal entries arranged for binding in a loose leaf binder. A certain number of blank journal entry sheets should also be provided for opening and closing journal entries and monthly entries of a special nature not included in standard entries.

General Journal Entries.

STANDARD OUTLINE MONTHLY GENERAL JOURNAL ENTRIES FOR AN OPERATING DEPARTMENT OR BUREAU.

The following outline journal entries are for study and illustrative purposes only. The detail general journal entries (see page 36) are for actual use.

1—Budget Allowance
To Unencumbered Balance of Appropriations

For appropriations of City Councils to this department or bureau (from Register of Appropriation Ordinances*).

2—Unencumbered Balance of Appropriations
To Reserve for Contracts

For contracts entered into during the month (from Register of Contracts).

3—Unencumbered Balance of Appropriations
To Reserve for Open Market Orders

For open market orders issued during the month (from Register of Orders).

4—Expenses
Reserve for Repairs
Work in Progress
Land, Structures, other Improvements and Equipment
To Stores

For stores issued from storehouse during the month on stores requisitions (from Register of Stores Requisitions).

*In most cases a total for the month, of appropriations by City Councils to any department or bureau, may be secured without the use of a register.

5—Expenses
Reserve for Repairs
Land, Structures, other Improvements and Equipment
To Work in Progress

For distribution of completed work in progress (from Register of Completed Work in Progress).

6—Expenses
Reserve for Repairs
Investment of the City
Stores
Work in Progress
Land, Structures, other Improvements and Equipment
Reserve for Capital Depreciation (Replacements)
To Invoices and Payrolls payable

For distribution by character of expenditure of invoices and payrolls for all personal service, services other than personal, materials, supplies, etc., purchased and received during the month (from Register of Invoices).

7—Invoices and Payrolls Payable
To Vouchers sent to City Controller

For invoices and payrolls vouchered and sent to City Controller (from Register of Vouchers).

8—Invoices and Payrolls Payable
To Invoices sent to Department of Supplies

For invoices—for materials and supplies ordered by the Department of Supplies and received by the operating department and bureau—sent to Department of Supplies to be vouchered, approved and certified to the City Controller (from Register of Invoices sent to Department of Supplies).

7a and 8a—Unencumbered balance of Appropriations
Reserve for Contracts
Reserve for Open Market Orders
To Budget Allowance

Collateral to journal entries Nos. 7 and 8 (from same source as those journal entries).

9—Receiver of Taxes
To Revenues

For income accrued—bills having been rendered therefor by the operating department or bureau—the collections of cash thereon to be made by the Receiver of Taxes (from the Register of Revenue Accrual).

10—Expenses
To Reserve for Repairs

For monthly proportion of reserve for repairs (from Register of Reserves for Repairs and Capital Depreciation).

11—Investment of the City
To Reserve for Capital Depreciation

For monthly proportion of capital depreciation (from the Register of Reserves for Repairs and Capital Depreciation).

12—Reserve for Capital Depreciation
Investment of the City
To Land, Structures, other Improvements and Equipment

For the cost value of property worn out and disposed of (in cases where no cash is realized) investment of the City being charged direct with that portion of the cost value for which a reserve has not been provided.

Note.—If some cash is realized from the disposition of old property and equipment, the above journal entry would be used with an additional debit, namely, "Cash."

STANDARD OUTLINE MONTHLY GENERAL JOURNAL ENTRIES FOR THE DEPARTMENT OF SUPPLIES.

Entries number 1, 2, 3, 6, 7, 7a, 9, 10, 11 and 12 of the standard outline monthly general journal entries for an operating department or bureau (see above) will be used by the department of supplies. In addition this department will use the following:

Invoices received from Departments and Bureaus
To Invoices Payable.

For invoices received from the several operating departments and bureaus, representing materials and supplies ordered by the department of supplies for other departments and bureaus (from Register of Schedules of Invoices sent to Department of Supplies).

STANDARD OUTLINE GENERAL JOURNAL ENTRIES FOR OPENING NEW SET OF BOOKS.

1—Stores (as per inventory)
Work in Progress (as per inventory)
Land, etc. (as per inventory)
To Invoices and Payrolls Payable
Reserve for Repairs
Reserve for Capital Depreciation
Investment of the City

For taking upon the books all of the assets, liabilities and reserves of the City, and the excess of assets over liabilities and reserves, the excess being the investment of the City in the operating department, bureau or institution.

2—Budget Allowance
To Unencumbered Balance of Appropriations
Reserve for Contracts
Reserve for Open Market Orders

For taking upon the books the unexpended portion of the budget allowance, together with its distribution between unencumbered balance of appropriations, unexpended portions of contracts, and unexpended portions of open market orders outstanding.

The department of supplies will use as much of journal entry No. 1 for opening a new set of books as is necessary to take upon its general ledger the assets, liabilities, reserves and investment of the city, in its custody. It will also use journal entry No. 2 for its fund accounts the same as an operating department or bureau.

STANDARD OUTLINE GENERAL JOURNAL ENTRIES FOR CLOSING AT END OF YEAR.

1—Revenues
To Operation Account
For closing revenue account at the end of the year.

2—Operation Account
To Expenses

For closing expense account at the end of the year.

3—Vouchers sent to City Controller
Invoices sent to Department of Supplies
To Operation Account
Receiver of Taxes
Investment of the City

For closing the nominal accounts to "Investment of the City" at the end of the year.

4—Unencumbered Balance of Appropriations
To Budget Allowance

For merging balances of appropriations at close of year.

The department of supplies will use journal entries No. 1, 2 and 4 (as above) for closing its books at the end of the year. It will use general journal entry No. 3 in the following modified form:

Vouchers sent to City Controller
To Invoices received from Departments and Bureaus
Receiver of Taxes
Operation Account
Investment of the City

OPENING GENERAL JOURNAL ENTRIES—JANUARY 1, 191—
(WHEN OPENING NEW SET OF BOOKS.)*

These detail general journal entries are for actual departmental use. The outline journal entries (see page 32) are for study and illustrative purposes only.

In this chapter and chapter III the words "safety" and "supplies" have been used in journal entries to distinguish between appropriations and transactions incident thereto of an operating department or bureau and the department of supplies. The word "safety" as the short departmental title of the department of public safety is used for illustration purposes. In practice, the short title of the department or bureau for which the general journal entries are formulated would be substituted.

1—Budget Allowance—Safety—General Fund
Budget Allowance—Supplies—General Fund
Budget Allowance—Safety—Loan Funds
Budget Allowance—Supplies—Loan Funds
To Unencumbered Balance of Appropriations—Safety—General Fund
Unencumbered Balance of Appropriations—Supplies—General Fund
Reserve for Contracts—Safety—General Fund
Reserve for Contracts—Supplies—General Fund
Reserve for Open Market Orders—Safety—General Fund
Reserve for Open Market Orders—Supplies—General Fund
Unencumbered Balance of Appropriations—Safety—Loan Funds
Unencumbered Balance of Appropriations—Supplies—Loan Funds
Reserve for Contracts—Safety—Loan Funds
Reserve for Contracts—Supplies—Loan Funds
Reserve for Open Market Orders—Safety—Loan Funds
Reserve for Open Market Orders—Supplies—Loan Funds

For taking upon the books all non-merging balances of appropriations brought forward from the previous year.

2—Stores—General Account
Work in Progress—General Account
Land, Structures, other Improvements and Equipment—Capital Account
To Invoices Payable—General Account
Investment of City—General Account
Invoices Payable—Capital Account
Investment of City—Capital Account

For taking up the inventories of the above debit accounts, the invoices payable at the opening of business, January 1, 191—, and the investment of the city in the_____ Bureau.

3—Budget Allowance—Safety—General Fund
Budget Allowance—Supplies—General Fund
To Unencumbered Balance of Appropriations—Safety—General Fund
Unencumbered Balance of Appropriations—Supplies—General Fund

For taking upon the books the general appropriations to the_____Bureau for 191—.

---

*In formulating these journal entries, fund and proprietary journal entries for special and trust transactions have been omitted. Should a department's transactions include those of a special and trust nature, it should utilize titles similar to those here used for the other funds and accounts.

MONTHLY GENERAL JOURNAL ENTRIES.

For the month of.....191....

1—**Budget Allowance—Safety—General Fund**
Budget Allowance—Supplies—General Fund
Budget Allowance—Safety—Loan Funds
Budget Allowance—Supplies—Loan Funds
To Unencumbered Balance of Appropriations—Safety—General Fund
Unencumbered Balance of Appropriations—Supplies—General Fund
Unencumbered Balance of Appropriations—Safety—Loan Funds
Unencumbered Balance of Appropriations—Supplies—Loan Funds

For taking upon the books any appropriations, or allotments made to .....Bureau during the month of.....191—.

2—**Unencumbered Balance of Appropriations—Safety—General Fund**
Unencumbered Balance of Appropriations—Supplies—General Fund
Unencumbered Balance of Appropriations—Safety—Loan Funds
Unencumbered Balance of Appropriations—Supplies—Loan Funds
To Reserve for Contracts—Safety—General Fund
Reserve for Contracts—Supplies—General Fund
Reserve for Open Market Orders—Safety—General Fund
Reserve for Open Market Orders—Supplies—General Fund
Reserve for Contracts—Safety—Loan Funds
Reserve for Contracts—Supplies—Loan Funds
Reserve for Open Market Orders—Safety—Loan Funds
Reserve for Open Market Orders—Supplies—Loan Funds

For contracts (as per register of contracts) and open market orders (as per register of orders) registered and issued during month of.....191—.

3—**Reserve for Contracts—Safety—General Fund**
Reserve for Contracts—Supplies—General Fund
Reserve for Contracts—Safety—Loan Funds
Reserve for Contracts—Supplies—Loan Funds
Reserve for Open Market Orders—Safety—General Fund
Reserve for Open Market Orders—Supplies—General Fund
Reserve for Open Market Orders—Safety—Loan Funds
Reserve for Open Market Orders—Supplies—Loan Funds
To Unencumbered Balance of Appropriations—Safety—General Fund
Unencumbered Balance of Appropriations—Supplies—General Fund
Unencumbered Balance of Appropriations—Safety—Loan Funds
Unencumbered Balance of Appropriations—Supplies—Loan Funds

For reductions, cancellations or annullments in contracts and open market orders for the month of.....191—.

4—**Expenses—General Account**
Reserve for Repairs—General Account
Accounts Receivable—General Account
Work in Progress—General Account
Inter-departmental Services—General Account
Land, Structures, other Improvements and Equipment—Capital Account.
To Stores—General Account

For materials delivered from storehouses o storerooms during month of..... 191—.

5—**Stores—General Account**
To Expenses—General Account
Reserve for Repairs—General Account
Accounts Receivable—General Account
Work in Progress—General Account
Inter-departmental Services—General Account
Land, Structures, other Improvements and Equipment—Capital Account

For materials returned to storehouses or storerooms during month of.....191—.

6—**Expenses—General Account**
Reserve for Repairs—General Account
Stores—General Account
Accounts Receivable—General Account
Work in Progress—General Account
Inter-departmental Services—General Account
Land, Structures, other Improvements and Equipment—Capital Account
Reserve for Capital Depreciation—Capital Account
To Invoices and Payrolls Payable—Safety—General Account
Invoices Payable—Supplies—General Account
Invoices and Payrolls Payable—Safety—Capital Account
Invoices Payable—Supplies—Capital Account

For invoices and payrolls registered during month of.....191—.

7—**Expenses—General Account**
Reserve for Repairs—General Account
Accounts Receivable—General Account
Inter-departmental Services—General Account
Land, Structures, other Improvements and Equipment—Capital Account
To Work in Progress—General Account

For distribution of work in progress completed during month of.....191—.

8—**Expenses—General Account**
Reserve for Repairs—General Account
Stores—General Account
Work in Progress—General Account.
Land, Structures, other Improvements and Equipment—Capital Account
To Inter-departmental Services—General Account

For services or materials received by a department from another department (for which reimbursement will not be made) during the month of.....191—.

Note.—Expense is debited for services or materials used for running expenses; reserve for repairs, for services or materials used in maintaining (repairing) property; stores, for goods received and taken into stores; work in progress, for work in progress transferred; and land, structures, etc., for property transferred.

9—**Advances to Capital Account—General Account**
To Advances from General Account—Capital Account

For the net use of general account moneys for permanent improvements during the month of.....191—.

or

9a—**Advances from General Account—Capital Account**
To Advances to Capital Account—General Account

For the net use of loan funds moneys for current expense during the month of.....191—.

10—**Invoices and Payrolls Payable—Safety—General Account**
Invoices Payable—Supplies—General Account
Invoices and Payrolls Payable—Safety—Capital Account
Invoices Payable—Supplies—Capital Account
To Vouchers sent to City Controller—Safety—General Account
Vouchers sent to City Controller—Safety—Capital Account
Invoices sent to Department of Supplies—General Account
Invoices sent to Department of Supplies—Capital Account

For vouchers sent to City Controller and invoices sent to Department of Supplies during month of.....191—.

11—**Unencumbered Balance of Appropriations—Safety—General Fund**
Unencumbered Balance of Appropriations—Supplies—General Fund
Unencumbered Balance of Appropriations—Safety—Loan Funds
Unencumbered Balance of Appropriations—Supplies—Loan Funds
Reserve for Contracts—Safety—General Fund

Reserve for Contracts—Supplies—General Fund
Reserve for Contracts—Safety—Loan Funds
Reserve for Contracts—Supplies—Loan Funds
***Reserve for Open Market Orders—Safety—General Fund**
***Reserve for Open Market Orders—Supplies—General Fund**
***Reserve for Open Market Orders—Safety—Loan Funds**
***Reserve for Open Market Orders—Supplies—Loan Funds**
To Budget Allowance—Safety—General Fund
Budget Allowance—Supplies—General Fund
Budget Allowance—Safety—LoanFunds
Budget Allowance—Supplies—Loan Funds
***Unencumbered Balance of Appropriations—Safety—General Fund**
***Unencumbered Balance of Appropriations—Supplies—General Fund**
***Unencumbered Balance of Appropriations—Safety—Loan Funds**
***Unencumbered Balance of Appropriations—Supplies—Loan Funds**

Collateral to foregoing proprietary entry.

12—Receiver of Taxes—General Account
Revenues Accrued, not due—General Account
To Revenues—General Account

For accrual of revenues, being accounts receivable sent to receiver of taxes for collection; and revenues accrued, not due, during the months of.....19— (from Register of Revenue Accrual).

13—Receiver of Taxes—General Account
To Revenues Accrued, not due—General Account

For revenues accrued in a previous month that have fallen due during the month of .....19— (from Register of Revenue Accrual).

14—Land, Structures, other Improvements and Equipment—Capital Account
To Investment of the City—Capital Account

For permanent properties and equipment acquired by gift during month of .....191—.

15—Expenses—General Account
To Reserve for Repairs—General Account

For proportion of maintenance depreciation for the month of.....191—.

Where a department or bureau receives from another department or bureau services or materials for which it will draw a warrant, the transaction will be handled the same as a purchase from an outsider, that is, through the Register of Invoices, and will be included in the monthly journal entry of totals of that register.

For use of Department of Supplies only:

16—Invoices received from Departments and Bureaus—General Account
Invoices received from Departments and Bureaus—Capital Account
To Invoices Payable—General Account
Invoices Payable—Capital Account

For invoices received from various departments and bureaus during the month of .....191—.

---

*Reserve for Open Market Orders is debited with the total of the open market orders liquidated column of the register of vouchers. Should the total of open market orders liquidated be in excess of the total of open market order vouchers the difference should be credited to "Unencumbered Balance of appropriations." If the amount of the open market order vouchers is in excess of the total open market orders liquidated the excess is debited to "Unencumbered Balance of Appropriations." (See description of reduction and cancellation of open market orders, pages 14 and 16).

CHAPTER VI

DESCRIPTION AND USE OF MONTHLY REPORTS (SCHEDULES OF BALANCES AND TOTALS) FROM DETAIL LEDGERS TO BE TRANSMITTED TO THE DEPARTMENT OF CITY CONTROLLER.

THESE schedules of balances and totals must be made in duplicate and one copy transmitted to the city controller.

The schedule of balances and totals of a detail ledger (1) provides a means for proving the accuracy of the detail ledger to its controlling account in the general ledger, and (2) makes available in report form the information contained in the detail ledger.

The special forms designed for this purpose are as follows:

1. Monthly Appropriation Statement.
2. Monthly Contract Statement.
3. Monthly Open Market Order Statement.
4. Monthly Stores Statement.
5. Monthly Statement of Expenses Incurred.
6. Monthly Work in Progress Statement.
7. Monthly Statement of Permanent Properties and Equipment.
8. Monthly Reserve for Repairs and Capital Depreciation Statement.
9. Monthly Revenue Statement.

The purpose of transmitting monthly statements to the city controller of the various financial transactions that have taken place in departments during a month is primarily to effect a reconciliation between the records kept in departments and the controlling and other accounts with departments kept in the department of city controller.

1. Monthly Appropriation Statement.

This schedule of balances and totals (Form 30) will be prepared from the appropriation ledger—general fund, loan funds and special and trust funds. As the appropriation ledger is divided into three fund divisions, the schedule of balances will naturally be divided into three parts, each of which is to be proven independently to the respective controlling accounts in the general ledger.

The folio page of the appropriation ledger will be indicated in the "Folio" column, and on the same line will be noted in their order the appropriation item number, whether general, loan or special and trust funds, and the title of the appropriation account. Thereafter on the same line will be entered, in the first money column, the unencumbered balance of the appropriation at the beginning of the month for which the statement is prepared, and in the next column the total of additional appropriations, transfers to and any other credits to appropriations that may have been made during that month.

In the columns under the general caption of "Debits" there will be entered respectively, the total of all the debit amounts for the month distributed in the four columns to the right, viz.: "Appropriation transfers from," "Contracts executed," "Open Market Orders Issued," "Payroll and Miscellaneous Vouchers Charged." The "Appropriation Transfers from" will be the total of red ink figures in an appropriation account representing transfers therefrom to other appropriation accounts. The "Contracts Executed" will be the total contracts registered in a month less any deductions or cancellations of contracts during the same period. The "Open Market Orders Issued" will be the total open market orders issued for a month. as noted in the "Estimated Amount" column, plus or minus any adjustments effected during the month, as noted in the "Add" or "Deduct" columns, under the general caption of "Open Market Order Encumbrances" of the appropriation ledger. The debits entered in the "Payroll and Miscellaneous Vouchers Charged" column will come from the "Payroll and Miscellaneous" column in the appropriation ledger under the general caption of "Expenditures." In the last column of the schedule will be noted the unencumbered balance of each appropriation at the close of the month covered by the schedule. This balance will be arrived at by subtracting the "Total Debits" column from the sum of the two credit columns to the left. The proof of the accuracy of the individual balances noted in the last column may be arrived at by adding whatever amount is in that column to the amount in the "Total Debits" column, the sum of which should equal the sum of the two credit columns. The

total of the "Total Debits" column deducted from the sum of the totals of the two credit columns should be the grand total of unencumbered balances of appropriations of a department at the end of a month. The sum of the totals of the four debit columns should equal the total of "Total Debits" column.

2. Monthly Contract Statement.

This schedule of balances and totals (Form 31) will be prepared from the contract ledger. The various details as to ledger folio, item number of appropriation charged, whether contract is a charge to a general fund, loan fund, or special and trust fund appropriation, the contract number, date of contract and contractor's name, will be noted in the several columns provided for that purpose. As it will probably be found most desirable in the keeping of the contract ledger to divide it into the three fund divisions, the schedule of balances will naturally be divided similarly into three parts, each of which is to be proven independently to the respective controlling accounts in the general ledger.

The unexpended balance of a contract at the beginning of the month for which the schedule is prepared will be indicated in the first money column. While these balances will be taken from the respective ledger accounts, each of them should be checked to the closing balance of the same account on the schedule, of balances of the preceding month.

The amount of contracts executed during the month will be entered in the column with that title. These credits will be obtained from the "Amount of Contract" column of the contract ledger.

Contract vouchers charged during the month will be obtained from the "Amount" column, under the heading "Vouchers" of the contract ledger.

The "Unexpended Balance of Contract at End of Month" will be the balance obtained by subtracting the amount of the "Contract Vouchers Charged during the month and other debits" column from the sum of the two credit columns to the left, viz.: the unexpended balance at the beginning of month and contracts executed, etc., during the month. By totaling all the columns of this schedule the grand total of unexpended balances of contract at the end of the month will be proved in the same way as explained above for the unexpended balances in individual contracts.

3. Monthly Open Market Order Statement.

This schedule of balances and totals (Form 32) is prepared from the claimant's ledger. As it will probably be found most desirable in the keeping of the claimants' ledger to divide it into the three fund divisions, the schedule of balances will naturally be divided similarly into three parts, each of which is to be proven independently to the respective controlling accounts thereof in the general ledger.

The folio page of the ledger, the appropriation item number charged, and the nature of the fund, i. e., whether general, loan, or special and trust, will be indicated in the respective columns to the left of the schedule. The next four columns, headed respectively "Order No.," "Date Order Issued," "Date Goods delivered," "Indicate Whether Partial (P) or Complete (C) Delivery," will be left blank for city controller's purposes, and no entries need be made therein by departments submitting this schedule to the city controller.

The name of the claimant will be indicated in the column headed "Vendor." The balance of "unvouchered orders at beginning of (the) month" for which the schedule is prepared will be entered in the next column under that title. This balance will be the difference between the "Open Market Orders Issued" column and the total of the vouchers drawn on open market orders, as indicated in the column under "Vouchers," plus or minus any adjustments. The same balance may be obtained by deducting from the total of orders issued the total of orders liquidated.

In the column headed "Open Market Orders Registered During Month and Other Credits" will be entered for each claimant's account the total amount of orders issued to him during the month under review, as indicated in the open market orders issued column and of any voucher adjustments noted for the month in the column "Add" under the caption "Adjustments" of the claimant's ledger.

In the column headed "Open Market Order Vouchers Charged During Month and Other Debits" will be noted the total amount for the month of the "Vouchers" column and of the "Deduct" column in each claimant's ledger account. The credit balance in each claimant's account of "Unvouchered Orders at End of Month," called for in the last column of the schedule, will be the difference between the sum of the first two credit columns of the schedule,

and the amount entered in the debit column for vouchers charged during the month. The grand total balance of unvouchered orders at the end of the month of all claimants' accounts will be determined in the same way for individual balances after the schedule has been completed and all its columns totaled.

4. Monthly Statement of Expenses Incurred.

This schedule of balances and totals (Form 34) is prepared from the expense ledger, and it should be checked in total to the controlling account "expense" in the general ledger.

In the column "Folio" will be noted the folio page of each account in the expense ledger. In the column "Code Letter or No." will be entered the code symbol of the expense account in accordance with the classification of expenses established for a department or bureau. The title of each expense account will be indicated in the column provided for that purpose.

In the column headed "Total Expenses for the Month" will be entered the total amount of expense items charged to each account in the expense ledger for the month for which the statement is prepared, less any abatements or adjustments (credits), and on the same line in the next column, under the title of "Total Expenses for the Same Month Last Year," will be noted similarly the total amount of expense items charged in the same expense account for the same period last year. If the expense classification this year is different from that of last year, or the information relating to last year's expense accounts cannot readily be compared with the expense classification of the current month and year, then the column "Total Expenses for the Same Month Last Year" will be left blank until an accurate comparison of expenses by months and years can be scheduled. The same is true of the last two columns on the schedule. A department which can make a comparison of the current year's classification of expenses with that of last year will fill in the information called for in these two columns, otherwise the columns in question will remain blank for the current year.

A department having its expense accounts in such shape as to be able to complete this schedule will provide as follows:

If the month for which the schedule is being prepared is, say, the month of June, 191—, then "six" will be written in on the blank line of the title heading of the third column, making it read "Total Expenses for the Six Months Ending June 30, 191—," and below opposite each expense account will be entered the total amount of expense items charged therein, less any abatements or adjustments (credits), during the six months ended with June 30, 191—.

In the last column on the schedule the total expense items charged to each expense account for the six months ended June 30, 191—, will be noted as a basis for a comparison of expense accounts covering the same period in the previous year.

5. Monthly Stores Statement.

This is a schedule of balances and totals taken from the stores ledger (Form 33) by *money values* rather than quantities, and it should be checked in total to the controlling account "stores" in the general ledger.

The folio number of the stores ledger page of each article scheduled will be noted in the column "Folio." Under "Code Letter No.," will be entered the code symbol of each article of stores if such classification has been established, and in the next column under "Title of Stores Ledger" will be noted the name of the article.

In the first three debit columns there will be noted respectively for each article of stores the balance on hand at the beginning of the month for which the statement is being prepared, the total received during the month, and stores returned (if any) to the storehouse during the month.

In the "Stores Issued During the Month" column will be noted for each article the total of that article issued from the storehouse during the month.

The debit balance of "Stores on Hand at End of Month" column will be the difference between the sum of the entries in the first three debit columns and the amount in the Stores Issued During the Month—Credits column of the schedule.

The last column of the schedule with the title "Stores on Hand at End of Same Month Last Year—Debit Balance" will be filled in from the report of the same month of the previous year. This column is for comparative purposes to note the fluctuation of articles held in storehouse.

The schedule should be totaled when completed, and the grand total balances on hand at the end of the month of a stores ledger should be proved in the same way that the balance on hand at end of month is determined for each article.

6. Monthly Work in Progress Statement.

This schedule of balances and totals is prepared from the work in progress ledger, and it should be checked in total to the controlling account "work in progress" in the general ledger. Columns are provided for "Folio" and "Code Numbers" of each job in progress. In the columns headed "Name of Job" should be listed the various jobs or titles of the accounts, and in the column "Balance at Beginning of the Month" the balances of the various jobs at beginning of month. The total expenditures for the month for work in progress (work done), together with any other debits, is placed in the next column. The following column provides for "Work in Progress Distributed" to property or expense during the month, or any other credits. The final column is the "Balance at the End of the Month" and represents the work in progress which has not yet been completed and distributed. This column should be checked by adding the expenditures to the balance at the beginning and deducting the work in progress distributed.

7. Monthly Statement of Permanent Properties and Equipment.

This schedule of balances and totals (Form 35) is prepared from the property ledger, and it should be checked in total to the controlling account "land, structures, other improvements and equipment" in the general ledger. The column headed "Folio" is for the page of each account in the property ledger. "Code Letter or Number" refers to the code symbol and number of the property account, according to the property classification. The title of the property account will be entered in the column provided for that purpose. The property balances at the beginning of the month (cost value) will be entered in the next column. The next column is for the acquisitions of property and other debits during the month. Then follows a column for "property disposed of during the month and other credits." The fourth amount column shows the "balance at end of month (cost value)." The figures in this column should be checked by adding the property additions to the balance at the beginning of the month and deducting the dispositions or other credits.

The final column of the form provides for showing the "balance (cost value) at the end of the same month last year." The purpose of this column is to enable the executive to compare the status of the property balances this year with that of last year, and to have in mind the net increase or decrease in the city's investment in permanent properties and equipment in detail as to various kinds of properties and their several functional uses. A direct relation is maintained by the experienced administrator between the property investment and the results produced or work performed. The statements of condition of and changes in the property accounts, expenses and work performed, are the most essential guides in determining whether or not adequate results are being obtained.

8. Monthly Depreciation Statement.

a. Reserve for Repairs.
b. Reserve for Capital Depreciation.

This schedule of balances and totals is prepared from the depreciation ledger, and it should be checked in total to the controlling accounts "reserve for repairs" and "reserve for capital depreciation" in the general ledger. As in the other schedules of balances columns are provided for "Folio" and "Code Number." Then follow columns for "Title of Property Class," "Total Valuation of Property in the Class," "Balances of Reserve at Beginning of Month," and "Monthly Depreciation" credits. In the statement of reserve for repairs the next column is for the "Expenditures for Repairs" which are debits, and the final column is the "Balance of Reserve at End of Month." In the statement of reserve for capital depreciation the next column following the monthly depreciation is for the "Expenditures for Replacements," and the final column is for the "Balance of Reserve at End of Month." Both of these final columns should be checked by adding the credit columns to the balances at the beginning of the month and deducting the debits to get the balance at the end of the month.

9. Monthly Revenue Statement.

This schedule of balances and totals is prepared from the revenue ledger, and should be checked in total to the controlling account "revenues" in the general ledger. This schedule has columns for "Folio" and "Code Number" as in the other schedules. The source of revenue (or title of accounts) is then given. The next columns provide for "Balance at the Beginning of the Month," "Revenue Accrual for the Month" (credits) and "Abatement of Revenue and Other Debits." The final column shows the "Balance at End of Month," and it should be checked by adding the revenue accruals for the month to the balance at the beginning and deducting the abatements of revenue.

CHAPTER VII

DESCRIPTION AND USE OF SUMMARY REPORTS FROM GENERAL LEDGER.

THE summary reports, shown on pages 47 to 55, that the general ledger of a department or bureau makes available, have to do with financial condition, operating results and condition of funds. These reports show the financial condition of the general account, the capital account and the special and trust account, and the operating results of the general account. In addition, they show the condition of the general fund, loan funds and special and trust funds that have been appropriated to a department or bureau.

Balance Sheets and Operation Accounts.

The balance sheets of the general account, capital account and special and trust accounts show in summary form the proprietary relations of a department or bureau, the assets in its care, the liabilities that it is creating as a result of its activities, the reserves it has set up, the deferred debit and deferred credit balances incident to accruing of revenue and expense, and the net investment of the city intrusted to its custody or, in other words, the excess of assets and deferred debits over liabilities, reserves and deferred credits.

The balance sheets of the general fund, loan funds and special and trust funds show the appropriations of city councils to the department or bureau and the unencumbered balance, contract reserves and open market order reserves.

The four-column arrangement of the summary reports provides for entering in the first column the balance of each account at the close of the previous month. These balances should be taken from the general ledger accounts, but should be checked to the balances in the fourth column of the summary reports for the preceding month. In preparing the debit side of the summary statements, there is entered in the second column the sum of the increases (debits) for the month in each account. In the third column is entered the sum of the decreases (credits) in each account. In the fourth column is entered from the trial balance the balance of each account at closing. The accuracy of the work should be checked by adding the first and second columns and deducting the amount in the third column, and the result thus obtained should prove to the balance in the fourth column. Adjustment entries in any account should be eliminated on both sides of the account in stating the increases and decreases so that the respective amount of increase and decrease stated may represent the true volume of transactions affecting the account for the month.

The same procedure obtains in preparing the credit side of the summary statements, the only difference being that with the accounts that normally have credit balances the increases are credits, and the decreases debits.

The summary operation account of the general account shows the totals of revenue accrued and expenses incurred, and the excess of the one over the other. The analysis of the "investment of the city—general account" shows the changes in that account that have taken place during the period covered by the statement.

Trial Balances.

A monthly trial balance book for the general ledger is to be kept. The ordinary ruling of a trial balance book with columns for folio and title of account and debit and credit columns for each month will meet every requirement. It should contain a sufficient number of short sheets for a year's trial balances in order to avoid rewriting the titles of accounts oftener than once a year. In addition to the trial balance at the close of each month, after all journal entries for the month have been entered and posted a trial balance should be taken off as of the beginning of the year, January 1, after opening monthly journal entries have been posted and before the posting of any monthly journal entries for transactions for the month of January. A trial balance should also be taken after all closing journal entries have been posted at the close of the year. This makes fourteen trial balances for the year.

It is from the trial balance of the general ledger that the summary monthly reports are prepared showing financial condition, operating results and condition of funds. The trial balance at the beginning of the year after opening journal entries have been posted furnishes the balances of accounts for preparing balance sheets as of January 1 for comparison with

balance sheets and operation accounts as of later dates during the year. The trial balance at the close of the year after all closing journal entries have been posted furnishes the balances of accounts for the balance sheets and operative accounts as of the close of the year.

A trial balance is taken from the general ledger by footing the debits and the credits of each account, deducting the smaller from the larger and entering the balance thus obtained on the trial balance form, in the debit column if the sum of the debits exceeds the sum of the credits, and in the credit column if the reverse is the case.

Checks on Accuracy of the Monthly Trial Balance of the General Ledger.

1. When the balances of all accounts in the general ledger have been entered in the trial balance see that the sum of the debits equals the sum of the credits.

2. See that the sum of the debits equals the sum of the credits for the general account, capital account, special and trust accounts, general fund, loan funds and special and trust funds.

3. See that the totals of each of the monthly statements (schedules of balances and totals) described in Chapter VI agree with the balances of their respective controlling accounts in the general ledger.

4. See that the balance of account "advances to capital account—general account," and balance of account "advances from general account—capital account" equal one another, one being a debit balance and the other a credit balance. Apply the same check to any other advances between accounts.

5. Check the balances of the accounts "vouchers sent to city controller—general account" and "invoices sent to department of supplies—general account" with the reduction in the "budget allowance—general fund" for the month. Apply the same test to the similar accounts of the capital account and loan funds, and of the special and trust accounts and special and trust funds.

Forms for Summary Reports.

There follow the forms for the summary consolidated balance sheet (Exhibit "A"), the general account balance sheet, operation accounts and investment of the city account (Exhibit "B"), the capital account balance sheet (Exhibit "C"), the special and trust account balance sheet (Exhibit "D") and the general, loan and special and trust funds balance sheets (Exhibit "E").

Department of..... Bureau of.....

SUMMARY CONSOLIDATED BALANCE SHEET AS OF .....191.....

Showing Assets, Liabilities, Net Investment of the City, Appropriations, Reserves and Funds.

PROPRIETARY ACCOUNTS	Totals	General Account See Exhibit "B"	Capital Account See Exhibit "C"	Special and Trust Accounts See Exhibit "D"
ASSETS AND DEFERRED DEBITS				
Cash and cash items	—	—	—	—
Amounts due to city—accounts receivable	—	—	—	—
Working assets	—	—	—	—
Land, structures, other improvements and equipment	—	—	—	—
Securities and other personal properties in trust	—	—	—	—
Due from other accounts	—	—	—	—
Deferred debits	—	—	—	—
Total assets and deferred debits	—	—	—	—
LIABILITIES, RESERVES AND DEFERRED CREDITS				
Invoices and payrolls payable	—	—	—	—
Other liabilities	—	—	—	—
Vouchers sent to city controller	—	—	—	—
Invoices sent to department of supplies	—	—	—	—
Reserves	—	—	—	—
Due to other accounts	—	—	—	—
Deferred credits	—	—	—	—
Total liabilities, reserves and deferred credits	—	—	—	—
Net investment of the city	—	—	—	—
Totals	—	—	—	—

BALANCES OF APPROPRIATIONS AND FUNDS	Totals	General Fund See Exhibit "E"	Loan Funds See Exhibit "E"	Special and Trust Funds See Exhibit "E"
Unexpended balances of budget allowances—Total	—	—	—	—
Unexpended balance of appropriations—Safety	—	—	—	—
Unencumbered balance of appropriations—Safety	—	—	—	—
Reserve for contracts—Safety	—	—	—	—
Reserve for open market orders—Safety	—	—	—	—
Unexpended balance of appropriations—Supplies	—	—	—	—
Unencumbered balance of appropriations—Supplies	—	—	—	—
Reserve for contracts—Supplies	—	—	—	—
Reserve for open market orders—Supplies	—	—	—	—

EXHIBIT "A"

Department of..... CITY OF

Bureau of..... GENERAL

BALANCE

ASSETS	Balance, ... 191—	Increases (Debits)	Decreases (Credits)	Balance, ... 191—
Cash and cash items	—	—	—	—
Accounts receivable	—	—	—	—
Stores (as per Schedule No. —)	—	—	—	—
Work in progress (as per Schedule No. —)	—	—	—	—
Crop of 191	—	—	—	—
Manufactured goods	—	—	—	—
Advances to capital account	—	—	—	—
Revenues accrued, not due	—	—	—	—
Unaccrued expenses	—	—	—	—
Total assets—general account	—	—	—	—

OPERATION

Expenses incurred (as per Schedule No. —)	—	—	—	—
Excess of revenues over expenses	—	—	—	—
Total	—	—	—	—

INVESTMENT

Debits:				
Excess of expenses over revenues (as above)	—	—	—	—
.....	—	—	—	—
.....	—	—	—	—
.....	—	—	—	—
Balance at....., 191.... (see general account	—	—	—	—
balance sheet above)	—	—	—	—
Total debits	—	—	—	—

NOTE:—The references to schedules upon this exhibit are to schedules of balances and totals the general ledger. The only exceptions to this is the schedule of invoices and on the register of invoices and payrolls.

EXHIBIT

PHILADELPHIA

Statement as of.....191...., and.....

ACCOUNT

191...., with increases and decreases.

SHEET

LIABILITIES AND RESERVES	Balance, ... 191—	Increases (Credits)	Decreases (Debits)	Balance, ... 191—
Invoices and payrolls payable—safety (Schedule No.—)	—	—	—	—
Invoices payable—supplies (as per Schedule No.—)....	—	—	—	—
Invoices sent to department of supplies.....	—	—	—	—
Vouchers sent to city controller.....	—	—	—	—
Reserve for repairs (as per Schedule No.—).....	—	—	—	—
Advances from capital account.....	—	—	—	—
Expenses accrued, not due.....	—	—	—	—
Unaccrued revenues	—	—	—	—
Investment of the city.....	—	—	—	—
Total liabilities, reserves and investment of the city—general account	—	—	—	—

ACCOUNTS

Revenues accrued (as per Schedule No. —).....	—	—	—	—
Excess of expenses over revenues.....	—	—	—	—
Total.....	—	—	—	—

OF THE CITY

Balance at....., 191.... (see general account balance sheet above)	—	—	—	—
Credits:				
Excess of revenues over expenses (as above).....	—	—	—	—
.....	—	—	—	—
.....	—	—	—	—
.....	—	—	—	—
Total credits	—	—	—	—

of detail ledgers, the totals of which should prove to their respective controlling accounts in payrolls payable, the schedule for which is prepared from the open items (unvouchered invoices)

"B"

Department of.....

Bureau of.....

CITY OF

CAPITAL

BALANCE

Permanent Funds, Pro

ASSETS	Balance, 191—	Increases (Debits)	Decreases (Credits)	Balance, 191—
Cash and cash items	—	—	—	—
Work in progress (as per Schedule No. —)	—	—	—	—
Land, structures, other improvements and equipment (as per Schedule No.—)	—	—	—	—
Advances to general account	—	—	—	—
Total assets—capital account	—	—	—	—

NOTE:—The references to schedules upon this exhibit are to schedules of balances and totals of general ledger. The only exception to this is the schedule of invoices and payrolls register of invoices and payrolls.

EXHIBIT

PHILADELPHIA

Statement as of.....191...., and.....

ACCOUNT

191...., with increases and decreases.

SHEET

perties and Improvements

LIABILITIES AND RESERVES	Balance, ... 191—	Increases (Debits)	Decreases (Credits)	Balance, ... 191—
Invoices and payrolls payable—safety (as per Schedule No.—)	—	—	—	—
Invoices payable—supplies (as per Schedule No.—)	—	—	—	—
Invoices sent to department of supplies	—	—	—	—
Vouchers sent to city controller	—	—	—	—
Advances from general account	—	—	—	—
Reserve for capital depreciation (as per Sch. No. —)	—	—	—	—
Investment of the city	—	—	—	—
Total liabilities, reserves and investment of the city—capital account	—	—	—	—

detail ledgers, the totals of which should prove to their respective controlling accounts in the payable, the schedule for which is prepared from the open items (unvouchered invoices) on the

"C"

Department of..... CITY OF

Bureau of..... SPECIAL AND

BALANCE

ASSETS	Balance, ... 191—	Increases (Debits)	Decreases (Credits)	Balance, ... 191—
Cash and cash items	—	—	—	—
Accounts receivable	—	—	—	—
Securities and other personal properties in trust (as per Schedule No. —)	—	—	—	—
Land, structures, other improvements and equipment in trust (as per Schedule No. —)	—	—	—	—
Advances to other accounts	—	—	—	—
Total assets—special and trust accounts	—	—	—	—

NOTE:—The references to schedules upon this exhibit are to schedules of balances and totals of general ledger.

EXHIBIT

PHILADELPHIA

Statement as of.....191...., and.....

TRUST ACCOUNTS

191...., with increases and decreases.

SHEET

LIABILITIES AND RESERVES	Balance, ... 191—	Increases (Credits)	Decreases (Debits)	Balance, ... 191—
Invoices payable	—	—	—	—
Vouchers sent to city controller	—	—	—	—
Deposits	—	—	—	—
Reserves for funds held for specific purposes	—	—	—	—
Reserves for trust beneficiaries	—	—	—	—
Advances from other accounts	—	—	—	—
Total liabilities and reserves—special and trust accounts	—	—	—	—

detail ledgers, the totals of which should prove to their respective controlling accounts of the

"D"

Department of..... CITY OF

Bureau of..... **COMPARATIVE FUND**

GENERAL

DEBIT BALANCES	Balance 191—	Increases (Debits)	Decreases (Credits)	Balance 191—
Budget allowance—safety	—	—	—	—
Budget allowance—supplies	—	—	—	—
Total debits—general fund	—	—	—	—

LOAN

Budget allowance—safety	—	—	—	—
Budget allowance—supplies	—	—	—	—
Total debits—loan funds	—	—	—	—

SPECIAL AND

Budget allowance	—	—	—	—
Total debits—special and trust funds	—	—	—	—

NOTE:—The references to schedules upon this exhibit are to schedules of balances of detail ledger.

EXHIBIT

PHILADELPHIA

BALANCE SHEET

FUND

Statement showing the provisions made for financing the future needs of the Bureau (or Department) of ....., together with the condition of funds and appropriations, as of.....191...., and.....191...., with increases and decreases.

CREDIT BALANCES	Balance ..... 191—	Increases (Credits)	Decreases (Debits)	Balance ..... 191—
Unexpended balance of appropriations—safety.....	—	—	—	—
Unencumbered balance of appropriations—safety (as per Schedule No.—).....	—	—	—	—
Reserve for contracts—safety (Schedule No.—).....	—	—	—	—
Reserve for open market orders—safety (Sch. No.—)	—	—	—	—
Unexpended balance of appropriations—supplies.....	—	—	—	—
Unencumbered balance of appropriations—supplies (as per Schedule No.—).....	—	—	—	—
Reserve for contracts—supplies (Schedule No.—).....	—	—	—	—
Reserve for open market orders—supplies (Sch. No.—)	—	—	—	—
Total credits—general fund	—	—	—	—
FUNDS				
Unexpended balance of appropriations—safety.....	—	—	—	—
Unencumbered balance of appropriations—safety (as per Schedule No.—).....	—	—	—	—
Reserve for contracts—safety (Schedule No.—).....	—	—	—	—
Reserve for open market orders—safety (Sch. No.—)	—	—	—	—
Unexpended balance of appropriations—supplies.....	—	—	—	—
Unencumbered balance of appropriations—supplies (as per Schedule No.—).....	—	—	—	—
Reserve for contracts—supplies (Schedule No.—).....	—	—	—	—
Reserve for open market orders—supplies (Sch. No.—)	—	—	—	—
Total credits—loan funds	—	—	—	—
TRUST FUNDS				
Unexpended balance of appropriations	—	—	—	—
Unencumbered balance of appropriations (as per Schedule No.—)	—	—	—	—
Reserve for contracts (as per Schedule No.—).....	—	—	—	—
Reserve for open market orders (as per Schedule No.—)	—	—	—	—
Total credits—special and trust funds.....	—	—	—	—

ledgers, the totals of which should prove to their respective controlling accounts of the general

"E"

CHAPTER VIII

ORGANIZATION UNITS AND FUNCTIONS OR ACTIVITIES OF THE CITY AND COUNTY.

THE purpose of city and county government is to perform the functions delegated by the constitution and laws of the state to county and municipal officers in an effective, efficient and economical manner. One of the best aids to efficient administration is a comparative statement of expense incurred so classified that the cost of *administration, operation* and *maintenance* may be determined in terms of *objects of expense* for each *function or activity* of a *department or bureau*. Such information is also of great value to the appropriating bodies in passing upon questions of financial policy.

In addition to classifying expenses incurred by *function or activity*, it is desirable to classify property and equipment in a similar manner in order that statements of property owned, acquired and disposed of may show the purpose for which the property was acquired. It thus becomes possible for the legislative body and for administrative officials to know the capital investment of the city and county for performing each of its functions. They are then in a position to consider most intelligently those portions of budgetary requests that have to do with estimates for additional property and equipment.

Organization Units and Functions or Activities.

01. CLERKS OF COUNCILS
    1. Legislative enactments

02. DEPARTMENT OF MAYOR
    1. Executive direction and control
    2. Contracts and statistics
    3. Free Library
    4. Philadelphia Museums
    5. Educational and general welfare contributions
        51. Pennsylvania Academy of Fine Arts
        52. Pennsylvania Museum and School of Industrial Art
        53. Teachers' Annuity and Aid Association
        54. University of Pennsylvania—free scholarships
        55. Safe and sane fourth of July

03. DEPARTMENT OF CITY CONTROLLER
    1. Executive
    2. Accounting and reporting
    3. Auditing receipts
    4. Auditing expenditures

04. DEPARTMENT OF CITY TREASURER
    1. Receipt, care, investment and disbursement of public funds
    2. Educational and other contributions

05. BOARD OF REVISION OF TAXES
    1. Assessment of real estate and personal property

06. DEPARTMENT OF RECEIVER OF TAXES
    1. Executive
    2. Receipt of city taxes for current year—main office
    3. Collection of state tax and miscellaneous items
    4. Collection of delinquent taxes
    5. Collection of water rents
    6. Searching records of department
    7. Collection of city and state taxes and water rents—local branch offices

07. DEPARTMENT OF LAW
    1. Legal advice and representation

08. DEPARTMENT OF SUPPLIES

1. Executive—purchase of supplies and equipment for city departments

09. CIVIL SERVICE COMMISSION

1. Executive
2. Examination of applicants
3. Preparation of lists and certification of persons eligible for city positions

10. DEPARTMENT OF CITY COMMISSIONERS

1. Executive—office of city commissioners
2. Holding primary election
3. Registration of voters
4. Holding general election and computing returns of same
5. Making assessment for jury list and poll tax list
6. Administration of courts;
    61. Municipal court
        611. Probation officers
    62. Courts of common pleas
    63. Courts of quarter sessions
    64. Orphans' court
    65. Supreme court
7. Care of defective, dependent and delinquent persons
8. Detention of juvenile offenders
9. Assessment of damages to property owners occasioned by the appropriation of land by corporations having the power of eminent domain
10. Pay of magistrates and imposition of fines for cruelty
11. Making contributions to military organizations
12. Inspection of weights and measures

11. CLERKS OF COURTS OF OYER AND TERMINER AND QUARTER SESSIONS

1. Executive
2. Keeping records and administration and clerical work of courts
3. Application for liquor licenses

12. PROTHONOTARY, COURTS OF COMMON PLEAS

1. Executive
2. Keeping records and administration and clerical work of courts
3. Issuing writs
4. Keeping records of judgments
5. Keeping records of liens
6. Certifying copies and abstracts of records
7. Filing documents of courts
8. Printing and distributing jury lists

13. DEPARTMENT OF CORONER

1. Investigation of the cause of sudden, accidental and suspicious deaths
2. Care of bodies at the morgue

14. DEPARTMENT OF RECORDER OF DEEDS

1. Recording of deeds and mortgages
2. Transcribing old records

15. DEPARTMENT OF REGISTER OF WILLS

1. Recording and custody of wills
2. Administration of orphans' court

16. DEPARTMENT OF DISTRICT ATTORNEY

1. Prosecution of criminal offenders against the county and state

17. DEPARTMENT OF SHERIFF

1. Executive
2. General ministerial work of the courts, including impannelling of juries
3. Quasi-judicial functions—(sheriff's juries)
4. Service of writs
5. Conveyance and custody of prisoners during trial and to place of commitment

20. DEPARTMENT OF PUBLIC SAFETY (DIRECTOR'S OFFICE)

1. Executive
2. Regulating and licensing employment agencies
3. Contributions to various philanthropic organizations

21. BUREAU OF POLICE

1. Executive
2. Accounting and reporting
3. Policing the city
4. Policing waterways
5. Detection of crime
6. Disposition of stray animals
7. Erection of street signs
8. Determination of causes of fire
9. Care of sick and injured persons
10. Care of sick and injured employees and prisoners
11. Care of retired employees and their beneficiaries

22. BUREAU OF FIRE

1. Executive
2. Accounting and reporting
3. Fire protection
4. Care of equipment

23. BUREAU OF STEAM ENGINE AND BOILER INSPECTION

1. Inspection of steam engines and boilers, licensing engineers and enforcing the smoke law

24. BUREAU OF BUILDING INSPECTION

1. Inspection of buildings and building plans

25. BUREAU OF ELEVATOR INSPECTION

1. Inspection of elevators

26.

27. BUREAU OF CORRECTION

1. Executive
2. Accounting and reporting
3. Detention and care of petty offenders

28. ELECTRICAL BUREAU

1. Executive
2. Accounting and reporting
3. Heating and lighting city hall and running elevators
4. Communication—telephone (municipal and police) and telegraph (fire signal)
5. Inspection of electrical installation

30. DEPARTMENT OF PUBLIC HEALTH AND CHARITIES (DIRECTOR'S OFFICE)

1. Executive
2. Care of dependent and defective persons

31. BUREAU OF HEALTH

1. Executive
2. Accounting and reporting
3. Medical inspection
4. Child welfare work—child hygiene
5. Bacteriological and chemical analysis—laboratories
6. Collection, tabulation and reporting of vital statistics
7. Sanitary inspection
8. Food inspection
9. Isolation, care and treatment of contagious disease cases—hospital
10. Tenement house inspection
11. Enforcing quarantine regulations—health officer

32. BUREAU OF CHARITIES

1. Executive direction, including superintendent's office
2. Accounting and reporting
3. General operation, including buildings, grounds, heat, light, power and officers' kitchen and dining room
4. Laundry service
5. Purchase and distribution of stores
6. Manufacturing department
7. Transportation service
8. Care of sick (including outdoor relief)
9. Care of indigent at Blockley
10. Care of indigent at Holmesburg
11. Care of indigent at Brown's farm
12. Care of insane at Blockley
13. Care of insane at Byberry

40. DEPARTMENT OF PUBLIC WORKS (DIRECTOR'S OFFICE)

1. Executive
2. Preparation of comprehensive plans for the city

41. BUREAU OF SURVEYS

1. Executive
2. Accounting and reporting
3. Recording and plotting property lines and streets; custody of city plans
4. Surveying and engineering (including determination of property lines)
5. Preparation of city plans
6. Construction and care of sewers and inlets
7. Construction and care of bridges
8. Testing of materials
9. Disposal of sewage
10. Abolishing grade crossings and other transportation improvements, including the improvement of Delaware avenue

42 BUREAU OF HIGHWAYS

1. Executive—administration and engineering
2. Accounting and reporting
3. Granting permits and licenses, including investigation of applications
4. Inspection of construction, repairs and cleaning of streets—division of inspection
5. Construction and care of highways—supervision
6. Construction and care of highways—construction and maintenance
7. Cleaning and sprinkling of streets and removal of all classes of waste
8. Care of bridges and sewers
   - Supervision
   - Bridge operation
   - Bridge maintenance
   - Sewer maintenance
9. Construction and care of meadow banks and water courses

43. BUREAU OF WATER

1. Executive—administration and engineering
2. Accounting and reporting
3. Collecting data on water flow—hydrographic corps
4. Levying water revenues—registrar
5. Superintendence of pumping and filtration
6. Furnishing water supply—pumping
7. Purification of water supply—filtration
8. Care of structures—pumping and filtration plants—structural repairs
9. Care of equipment—pumping and filtration plants—equipment repairs and maintenance
10. Extension, care and inspection of distribution mains and attachments
11. Meter installation and repairs

44. BUREAU OF LIGHTING

1. Furnishing street lights and inspection of lighting

45. BUREAU OF GAS

1. Inspection of gas meters, street lights and candle-power of gas

46. BUREAU OF CITY PROPERTY

1. Executive
2. Accounting and reporting
3. Erection, care and custody of public buildings
4. Construction, care and custody of public recreation centers and burial grounds

50-51. DEPARTMENT OF COUNTY PRISONS

50. Detention and isolation of criminals—Reed Street Prison
51. Detention and isolation of criminals—Convict Prison—Holmesburg

60.

61. PENNSYLVANIA NAUTICAL SCHOOL

1. Providing educational and practical training in seamanship and navigation

62.

63.

64. ART JURY

1. Passing upon works of art and structural plans in which the city has interest

70. COMMISSIONERS OF FAIRMOUNT PARK

1. Executive
2. Accounting and reporting
3. Care and improvement of parks
4. Aquarium

71.

72. BOARD OF RECREATION

1. Executive
2. Care of playgrounds and direction of children's activities
3. Care of bath houses

80. DEPARTMENT OF WHARVES, DOCKS AND FERRIES

1. Executive
2. Accounting and reporting
3. Construction and care of wharves, piers and bulkheads
4. Inspection and patrol of Delaware river front
5. Dredging and keeping harbor channel open for navigation

85. DEPARTMENT OF CITY TRANSIT

1. Executive
2. Accounting and reporting
3. Providing improved transit facilities

90. COMMISSIONERS OF THE SINKING FUND

1. Caring for funds for the redemption of city loans and guarding the loanholders' interests
2. Administering the fire insurance fund

INDEX

A

Account, capital, accounts in general ledger for, 31
general, accounts in general ledger for, 30
Accounting system, general description of, 1
Accounts, credit in general ledger, 30
debit in general ledger, 30
fund, classification of, 1
fund accounts in general ledger for, 31
proprietary, classification of, 1
proprietary accounts in general ledger for, 30
special and trust accounts in general ledger for, 31
standard for general ledger, 30
Accrual, register of revenues, 19
Activities of the city and county, 56
Adjustment of vouchers by city controller, advice of, 8
Administration expense, defined, 25
Advances between accounts, 14
Advices of voucher adjustments, use of, 8
Appropriations, conditions of, shown by fund balance sheet, 54
monthly statement, 40
Approval of vouchers by officers, 8
Assembling sheets for monthly stores statements, 18
Asset and liability, revenue accrued and expense incurred and fund system of accounting and reporting, object attained by, 1

B

Balance sheet, capital account, 50
fund, 54
general account, 48
special and trust account, 52
summary consolidated, 47
Balance sheets, description and use of, 45
Budget making, value of expense ledger in, 25
Bureau of Correction, expense classification of, 26

C

Capital account, accounts in general ledger for, 31
balance sheet, 50
Capital depreciation, credit balance shows reserve for future replacements, 29
description and use of ledger for, 29
Central office of department or bureau, requisition on, 3
Character of expenditure shown on voucher, 8
Checks on accuracy of trial balance, 46
City and county, organization units and functions or activities for, 56
City Controller, advice to department or bureau of voucher adjustment, 8
can promptly obtain information through accounting system, 1
City Controller (*Continued*)
copy of order attached to voucher transmitted to, 4
copy of order, when issued, sent to, 5
monthly reports required by, 40
receives information from vouchers, 8
register and schedule of vouchers sent to, 15
schedule of all registers to be sent to, 9
schedules of invoices and payrolls to be sent to, 12
schedule of orders to be transmitted to, 10
vouchers and schedules thereof to be transmitted to, 15
Claimant's ledger, description and use of, 25
Classification of expenses by functions or activities, 26
Closing journal entries, outline for, 34
Condition of funds, shown by summary reports, 45
Consignee, copy of order as advice to, 5
office copy of order for, 5
Consolidated balance sheet, 47
Contract ledger, description and use of, 24
Contract orders, description and use of, 4
no posting for, in appropriation ledger, 22
Contract reserves, register and schedule of reductions in, 16
Contract, monthly statement, 41
Contract vouchers, 8
Contracts, register and schedule of, description and use of, 9
Control over accuracy of accounts and reports, 2
Corection, Bureau of, functional expense, classification for, 26
Credit accounts, in general ledger, 30
Credit invoices or credit memoranda, use of, 8

D

Debit accounts in general ledger, 30
Delivery slips in lieu of invoices, use of, 6
Department or bureau, requisition on another, use of, 4
standard outline journal entries for an operating, 32
Departmental invoices, description and use of, 6
Depreciation, capital, credit balance shows reserve for future replacements, 29
reserve for, ledger, 29
reserve for, register of, 18
Depreciation, monthly statement of, 43
Detail ledgers, description and use of, 20
required for accounting system, 1
Documents, description and use of, 3
files of, constitute complete record of transactions, 2
files of, required for accounting system, 1
record in detail ledger account, 2

Documents (*Continued*)
register and schedule of, 9
registers and schedules of, required for accounting system, 1
registration numerically, 2
two entries from each, 2

E

Encumbrances, contract, from register of contracts, 9
contract in appropriation ledger, 20
open market order, from register of orders, 10
open market order, in appropriation ledger, 21
open market order, use of requisition to set up, 10
Entries, journal, detail, for opening new set of books, 36
detail, for operating department or bureau, 37
outline, for closing at end of year, 34
outline, for Department of Supplies, 34
outline, for opening new set of books, 34
outline, for operating department or bureau, 32
Entries, two from each document, 2
Equipment, inter-departmental invoices for transfer of, 7
monthly statement of, 43
shown in property ledger, 28
Expenditure voucher, description and use of, 8
Expenditures, for repairs, debited to reserve for repairs, 29
for replacements, debited to reserve for capital depreciation, 29
in appropriation ledger, 21
Expense, average amount charged to, for repairs, 29
elements to be recorded in expense ledger, 25
ledger, description and use of, 25
objects of, for operating department or bureau, 27
Expenses, classification of, by functions or activities, 26
definition of, 25
incurred, monthly statement of, 42
Financial condition, shown by summary reports, 45

F

Fixed charges, definition of, 25
Forms for summary reports, 46
Functional classification, for Bureau of Correction, 27
Functional use of property, shown in property ledger, 28
Functions or activities, classification of expenses by, 26
of city and county, 56
Fund balance sheets, 54
Fund ledgers, detail, for appropriations, 20
Funding relations as shown in fund accounts, 1
Funds, accounts in general ledger for, 31
in classification of fund accounts, 1

G

General account, accounts in general ledger for, 30
balance sheet and operation accounts, 48
General fund, accounts in general ledger for, 31
General journal, description and use of, 32
General ledger, contains summary accounts required in accounting system, 1
description and use of, 30
standard accounts for, 30

I

Inventory, of property, to open property ledger, 28
of stores, when to take, 28
Investment of the city, analysis of, for general account, 48
shown in summary reports, 45
Inspector, office copy of order for, 6
Inter-departmental invoices, use of, 7
as elements of expense, 26
Inter-departmental services, register and schedule of, 17
Invoices, description and use of, 6
Invoices and payrolls, as elements of expense, 25
register and schedule of, 11
Invoices, credit, description and use of, 8
departmental, description and use of, 6
inter-departmental, use of, 7
memorandum, description and use of, 6
regularly rendered, description and use of, 6
sent to department of supplies, register and schedules of, 14
"supplies," use of, 6

J

Journal entries, detail monthly, 37
detail for opening new set of books, 36
for voucher adjustments, 23
from register of contracts, 10
from register of inter-departmental services, 17
from register of invoices and payrolls, 13
from register of invoices sent to department of supplies, 14
from register of properties transferred, 17
from register of orders, 11
from register of reductions in contract reserves, 17
from register of reserve for repairs and capital depreciation, 19
from register of revenue accrual, 19
from register of vouchers sent to city controller, 16
outline, for department of supplies, 34
outline, for opening new set of books, 34
outline, for operating department or bureau, 32
printed, how used, 32
"safety" and "supplies" used in, to illustrate, 9
Journal entry, from monthly report of stores issued from storehouse, 18

Journal entry (*Continued*)
from monthly report of stores returned to storehouse, 18
Journal, general, description and use of, 32

L

Land, shown in property ledger, 28
Ledger, appropriation, description and use of, 19
claimants,' description and use of, 25
contract, description and use of, 24
expense description and use of, 25
general, description and use of, 30
general, standard accounts for, 30
property, description and use of, 28
reserve for repairs and capital depreciation, 29
revenue, description and use of, 29
stores, description and use of, 28
work in progress, description and use of, 28
Ledgers, detail, descriptions and use of, 20
Loan funds, accounts in general ledger for, 31

M

Maintenance expense defined, 25
Materials, inter-departmental invoices used for transfer of, 7
transferred, register and schedule of, 17
Memoranda, credit, description and use of, 8
fund accounts, kept by departments for department of supplies appropriation accounts, 10
invoices, description and use of, 6
Monthly, detail journal entries, 37
outline journal entries for department of supplies, 34
outline journal entries for operating department or bureau, 32
reports to city controller, description and use of, 40
statement of appropriations, 40
statement of contracts, 41
statement of depreciation, 43
statement of expenses incurred, 42
statement of open market orders, 41
statement of properties and equipment, 43
statement of revenue, 44
statement of stores, 42
statement of work in progress, 43

O

Object of expenditure, shown in voucher, 8
Objects of expense, of operating bureau, 27
Office, copy of order retained in issuing, 5
Opening new set of books, detail journal entries for, 36
outline journal entries for, 34
Operating bureau, standard accounts for, 30
outline general journal entries for, 32
Operating results, shown by summary reports, 45
Operation accounts, for general account, 48
use in summary reports, 45
Operation expense, definition of, 25
Operation results, shown in accounts, 1
Order, open market voucher, 8
Orders, contract, description and use of, 4
no posting for, in appropriation ledger, 22
register and schedule of, 10
Orders, open market, description and use of, 4
liquidated, invoices to department of supplies, 14
liquidated, vouchers sent to city controller, 16
monthly statement of, 41
register and schedule of, 10
Organization units for city and county, list of, 56
Other expenses, definition of, 25
Outlays, capital, for property, 28

P

Payroll and miscellaneous voucher, 8
Postings to general ledger from journal, 30
Printed journal entries, use of, 32
Properties and equipment, monthly statement of, 43
transferred, register and schedule of, 17
Property, disposition of, credits in property ledger, 28
functional use of, 28
inventory to open property ledger, 28
ledger, description and use of, 28
Proprietary accounts in general ledger, 30
Proprietary relations as shown in accounts, 1
Public Safety, Department of, Bureau of Correction
accounts used as illustration, 30
functions used as illustration, 26

R

Reductions in contract reserves, register and schedule of, 16
Register and schedule of documents, description and use of, 9
of documents, required for accounting system, 1
of contracts, description and use of, 9
of invoices and payrolls, description and use of, 11
of invoices sent to department of supplies, 14
of orders, description and use of, 10
of property transferred, 17
of reductions in contract reserves, use of, 16
of reserves for repairs and capital depreciation, 18
of revenue accrual, use of, 19
of vouchers sent to city controller, use of, 15
Regularly rendered invoices, use of, 6
Repairs, average amount charged to expense, 29
expenditures, debited to reserve for repairs, 29
register of reserves for, 18
reserve for, as an element of expense, 26
reserve for, ledger, use of, 29
Replacements, expenditures debited to reserve for capital depreciation, 29
reserve for future, shown by credit balance in reserve for capital depreciation, 29
Reports, from detail ledgers required in accounting system, 1

Reports (*Continued*)
monthly to city controller, 40
of stores issued from storehouses, 18
of stores returned to storehouses, 18
summary, description and use of, 45
summary, forms for, 46
summary, required in accounting system, 1
Requisition on central office of department or bureau, use of, 3
on another department or bureau, use of, 4
on department of supplies, use of, 4
on storekeeper, use of, 3
Reserve for repairs as an element of expense, 26
for repairs and capital depreciation, ledger, 29
for repairs and capital depreciation, register and schedule of, 18
Responsibility located by permanent record of transaction, 2
Revenue accrual, register of, 19
ledger, description and use of, 29
monthly statement of, 44

S

"Safety," used in journal entries to illustrate, 9
Schedule of, contracts, description and use of, 9
documents, description and use of, 9
invoices and payrolls, 11
invoices sent to department of supplies, 14
orders, description and use of, 10
properties, transferred, 17
reductions in contract reserves, 16
vouchers sent to city controller, 15
Schedules of balances and totals (monthly reports), 40
Services, inter-departmental, as elements of expense, 26
registers and schedules of, 17
Special and trust accounts, accounts for, 31
balance sheet, 52
Special and trust funds, accounts for, 31
Statement, appropriation, 40
contract, 41
depreciation, 43
expenses incurred, 42
open market order, 41
properties and equipment, 43
revenue, 44
stores, 42
work in progress, 43
Statements, summary from general ledger, 30
Storehouse, report of stores issued from, 18
report of stores returned to, 18
Storekeeper, requisition on, use of, 3
Stores issued, as elements of expense, 26
issued from storehouses, report of, 18
ledger, description and use of, 28
returned to storehouses, report of, 18
statement of, 42
Structures, shown in property ledger, 28
Supplies, department of, accounts deal largely with appropriations, 1
Supplies, department of (*Continued*)
procedure in register of invoices and payrolls, 12
procedure in register and schedule of orders, 10
procedure in register and schedule of vouchers sent to city controller, 15
receives from city controller duplicate of advice of voucher adjustment, 8
register and schedule of invoices sent to, 14
requires two copies of register and schedule, 9
requisition on, use of, 4
standard outline monthly journal entries for, 34
to send copy of register of vouchers to department, 15
voucher adjustments in appropriation ledger of, 23
will register and schedule all orders issued for departments, 10
"Supplies" invoices, description and use of, 6
to be sent to department of supplies, 14
"Supplies," used in journal entries to illustrate, 9
Summary of transactions secured by general ledger accounts, 2
Summary reports, description and use of, 45
forms for, 46

T

Trial balance, checks on the accuracy of, 46
gives totals which prove accuracy, 2
used in preparing summary statements, 45
Trust accounts, accounts in general ledger for, 31
Trust funds, accounts for, 31

U

Unencumbered balances shown in appropriation ledger, 22
Unexpended balances shown in appropriation ledger, 22
Uniformity of treatment to similar accounts, 2

V

Vendor, acknowledgment of receipt of order, 5
copy of order retained by, 5
Voucher adjustment, advice of, 8
procedure in operating department, 23
taken into appropriation ledger, 22
Vouchers, certification of, by officers, 8
classification of, 8
expenditure, description and use of, 8
sent to city controller, register and schedule of, 15
to give information to city controller, 8
to show character of expenditure, 8
to show object of expenditure, 8

W

Work in progress, distributed as an element of expense, 26
ledger, description and use of, 28
statement of, 43

UNIVERSITY OF CALIFORNIA LIBRARY

THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

OCT 2 [illegible]

30m 6,'14

YEC27782

281983

HJ9777
.P5A3

UNIVERSITY OF CALIFORNIA LIBRARY